

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 366** HLS 17RS 371

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|                                     |                               |
|-------------------------------------|-------------------------------|
| <b>Date:</b> May 10, 2017 9:39 AM   | <b>Author:</b> IVEY           |
| <b>Dept./Agy.:</b> Local Government | <b>Analyst:</b> Greg Albrecht |
| <b>Subject:</b> Ad Valorem Taxation |                               |

TAX/AD VALOREM TAX EG SEE FISC NOTE LF RV See Note Page 1 of 1  
(Constitutional Amendment) Provides with respect to the classification and valuation of property and local option relative to certain exemptions

Proposed constitutional amendment requires that property assessment ratios be established in statute with a 2/3 vote of the legislature. Millage adjustments are required to initially insure that total tax collections are not affected by new assessment percentages of fair market value. Local governments are authorized to change the current homestead exemption amount with a vote of the local electorate. Millage adjustments are required in this case, as well. Local governments are authorized to enter into industrial tax exemption contracts, and the State Board of Commerce & Industry and the governor would no longer be involved

To be submitted to the electors at the statewide election to be held on October 14, 2017. Effective January 1, 2018

| <b>EXPENDITURES</b> | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | SEE BELOW      | SEE BELOW      | SEE BELOW      | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b>\$0</b>           |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     |                |                |                | <b>\$0</b>           |
| <b>REVENUES</b>     | <b>2017-18</b> | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>5 -YEAR TOTAL</b> |
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | SEE BELOW      | SEE BELOW      | SEE BELOW      | <b>\$0</b>           |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     |                |                |                | <b>\$0</b>           |

**EXPENDITURE EXPLANATION**

The Dept. of Economic Development would presumably be able to reduce or reallocate resources it currently utilizes to administer the industrial tax exemption program. As this would be a largely new activity for local jurisdictions, the Dept. may be required to help those jurisdictions become competent in administering the program at the local level, delaying some portion of state level resource reduction or reallocation.

**REVENUE EXPLANATION**

Given the effective date of the local authority granted in this proposal, the earliest any changes to local ad valorem tax bases could likely occur would be during 2018; likely effective for 2019 with tax payments affected in late 2019 (FY20 receipts). In the case of changes to assessment ratios and homestead exemptions, the initial year of affect is intended to be revenue neutral in the aggregate for each participating local jurisdiction. Thus, local receipts are not likely to be affected, at the earliest, until FY21. With respect to the industrial tax exemption authority, local revenue effects may occur as early as FY20. Net effects on local tax collections are speculative.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**John D. Carpenter**  
**Legislative Fiscal Officer**