

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 445** HLS 17RS 936

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 5, 2017	2:25 PM	Author: SEABAUGH
Dept./Agy.: Local Governments / LA Tax Commission		Analyst: Greg Albrecht
Subject: Payments in Lieu of Ad Valorem Taxes		

TAX/AD VALOREM TAX RE1 SEE FISC NOTE LF RV See Note Page 1 of 1

Authorizes and provides for cooperative endeavor agreements between local governmental subdivisions and other entities that may require payments in lieu of ad valorem taxes

Present law enumerates specific properties that are exempt from ad valorem taxation and provides that no property shall be exempt unless added to the enumeration.

Proposed law statutorily defines when a construction project in process is complete for purposes of ad valorem taxation assessment. Completion is defined to mean construction is finished to the extent the project can be used or occupied for its intended purpose.

Contingent upon adoption of the proposed constitutional amendment contained in SB 140 of this session, which provides for an ad valorem tax exemption for construction projects in process.

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

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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The value and geographical distribution of affected property can not be readily estimated, but construction projects are occurring across the state on a continuous basis. To the extent this property in the process of construction is subject to assessment, this bill, in conjunction with the provisions of SB 140, can only result in a reduction of that tax base. However, according to the LA Tax Commission, assessment is typically made only after construction projects are complete. Thus, this bill and SB 140 appear to primarily codify current practice, and preclude assessment of these properties in the process of construction in the future.

The Tax Commission indicates that it assesses public service properties in the process of construction, and allocates those assessed values to the parishes. This bill explicitly provides that the exemption provided in the referenced constitutional provisions (SB 140 provisions) does not apply to public service properties.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter

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Legislative Fiscal Officer