

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 237** SLS 19RS 602
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 9, 2019	9:43 AM	Author: COLOMB
Dept./Agy.:		Analyst: Greg Albrecht
Subject: Tax Increment Financing		

TAX/LOCAL RE SEE FISC NOTE RV See Note Page 1 of 1
 Provides relative to certain tax increment financing districts. (gov sig)

Authorizes a parish with population more the 440,000 persons as of the most recent decennial census (East Baton Rouge Parish) to establish one or more special tax increment financing districts in portions of the parish that are economically distressed. The parish government shall establish the boundaries of the district by ordinance. District boundaries are restricted to zip code areas with U.S. Census estimates of poverty rate that are at least 120% of the parish-wide poverty rate, but the zip code of the seat of the parish government is excluded. Districts encompassing municipality areas require the approval of the municipality. A six member board of commissioners is authorized for a district, to serve without compensation but to receive reasonable and necessary expenses to the extent funding is available for that purpose. The district shall have taxing authority (ad valorem, sales, hotel occupancy) and tax increment financing authority (ad valorem, limited state increment & local sales tax), as well as bonding authority. The district may pledge any taxes collected to any economic development project of the district. The district shall have a life of at least three years. Governor's signature.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Expenses of districts can be paid with the resources of the district. These district resources are presumed to be funded by dedicated tax increment financing, discussed below, or by new tax receipts authorized by the bill. The bill is general in nature with no specificity of what level of expenses may be associated with any district, nor the financing mechanism of any expenses.

REVENUE EXPLANATION

The bill provides general tax increment financing authority, and does not specify the boundaries of any district (to be established by the parish government based on U.S. Census poverty rates) or the tax increment financing mechanism that may be employed (to be determined by the district). Ad valorem increments would affect only local funds, while sales tax increments could involve both state and local funds. State sales tax increments are limited to the greater of the local increment or a 2% rate. In general, tax increment financing dedicates revenue growth, that would have otherwise accrued to existing governmental purposes, to the purposes of the district; usually financing construction of facilities or supporting infrastructure. It is possible that new revenue is generated to support the district purpose, since the bill allows the district to levy ad valorem, sales, and hotel occupancy taxes. In these cases existing revenue flows are not affected. Specific estimates of new or existing revenue affected by the bill is not possible.

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
 Legislative Fiscal Officer