

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



Fiscal Note On: **HB 38** HLS 201ES 112

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 8, 2020	3:24 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Local Governments		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Payments in Lieu of Ad Valorem Taxes		

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV See Note Page 1 of 1  
(Constitutional Amendment) To authorize local taxing authorities to enter into cooperative endeavor agreements for the purpose of payments in lieu of taxes (Item #28)

Present constitution enumerates specific properties that are exempt from ad valorem taxation and provides that no other property shall be exempt.

Proposed constitutional amendment adds to the exemptions non-residential property subject to a cooperative endeavor agreement between the owner and one or more taxing authorities, as provided by law, in which the property owner makes payments in lieu of ad valorem taxes to the extent provided in the agreement. Applicable to non-residential immovable property. Terms of such agreements can be up to 40 years. Enactment of law to administer this provision shall require a two-thirds vote of the legislature.

To be submitted to the electors at the statewide election to be held on November 3, 2020.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW					
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The amendment provides local governments the ability to grant ad valorem tax exemptions in lieu of other payments to non-residential immovable property, subject to statutory provisions. Although there may be numerous reasons for both local governments and taxpayers to enter cooperative endeavor agreements to achieve community goals, the utilization of this authority may result in lower local ad valorem tax revenue collections, in that, taxpayer payments in lieu of ad valorem tax may be lower than the ad valorem tax itself. Otherwise, taxpayers may not be inclined to enter the cooperative endeavor agreements. However the payments in lieu of ad valorem tax may provide resources for particular local projects that might not be available from other sources. Utilization of such agreements is speculative, and the ultimate local government aggregate revenue impacts can not be projected.

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**