



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 285** HLS 23RS 651
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 10, 2023 5:37 PM	Author: TURNER
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Extends TIF expiration dates	

TAX INCREMENT FINANCING OR SEE FISC NOTE GF RV See Note Page 1 of 1
 Provides relative to the use of state sales tax increments in certain local tax increment financing initiatives

Current law prohibits state sales tax increment financing (TIFs) but provides an exception for the expansion of projects where the initial cooperative endeavor agreement was executed prior to July 1, 1997, and did not expire prior to August 1, 2019. Current law also provides that the state sales tax increments shall not be extended beyond December 31, 2033.

Proposed law amends the state sales tax TIF authorization by replacing the exception allowed by a CEA executed before July 1, 1997, with Joint Legislative Committee on the Budget (JLCB) approval before July 1, 1997. Proposed law also extends the state TIF expiration date for this exception by 15 years from 12/31/33 to 12/31/48.

Effective 8/1/23.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill adds the Ruston TIF to the state sales tax TIF exception by replacing the deadline based on the CEA execution date with the JLCB approval date. Two TIF districts in Monroe are eligible under current law and remain eligible under this bill. Currently, all three TIFs expire in 2033. The extension of the expiration of the state TIF exception by 15 years will allow all three TIFs to continue receiving state sales tax increments through 12/31/48, subject to the provisions of each CEA.

Thus, while the specific dollar amount and timing of the impact on state general fund and dedications due to proposed law is indeterminable and begins in FY 34, which is beyond the fiscal note horizon, the bill seems to contemplate a dedication of state sales tax receipts that would otherwise flow to the state general fund.

For illustrative purposes, the following table shows the distribution of state sales tax revenue to the impacted EDAs:

TIF	FY 21	FY 22
Ruston	\$3.8 M	\$4.6 M
Garrett Rd (Monroe)	\$4.2 M	\$3.9 M
Tower Dr (Monroe)	<u>\$1.1 M</u>	<u>\$1.1 M</u>
TOTAL	\$9.1 M	\$9.6 M

For illustrative purposes, if these receipts grow by 2% to FY 34, the total would be closer to \$12 M annually. The actual impact will depend on the development within the districts, the provisions of the CEA and other outside economic influences.

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}

Alan M. Boxberger
 Alan M. Boxberger
 Interim Legislative Fiscal Officer