

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 144** SLS 13RS 481

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 29, 2013 7:45 AM	Author: MORRELL
Dept./Agy.: Revenue/Economic Development	Analyst: Deborah Vivien
Subject: Automatic renewal of all tax exemptions in Title 47	

TAX EXEMPTIONS OR SEE FISC NOTE GF RV Page 1 of 1
Provides for renewal of certain tax exemptions once granted. (1/1/14)

Current law provides certain provisions for the renewal of tax exemptions, which may include a reapplication procedure in which the entity is once again deemed eligible for the exemption through a vetting process.

Proposed law directs the Department of Revenue to develop a form and mail it all entities granted a tax exemption under Title 47. The entity is to indicate on the form whether they still qualify for the credit. Filing of the form, presumably will remove the provision that the entity will have to reapply for the exemption.

Effective January 1, 2014.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

Neither the Department of Revenue or the Department of Economic Development (LED) indicate the necessity for additional funds or other resources as a result of this measure. The Department of Revenue (LDR) is expected to incur initiation expenses of up to \$200,000 in creating forms and mailing expenses. However, it appears that the department may require fewer resources since the reapplication process nor vetting of eligibility will no longer be necessary.

REVENUE EXPLANATION

This bill allows the receiving entity of any exemption in Title 47 to declare its own eligibility for all exemptions without necessitating a reapplication process once the entity is initially accepted into the program. In essence, the renewal process is automatic for the life of the entity or the exemption. The bill appears to remove any ability of any agency to refuse the exemption if the entity declares itself to be eligible. To the extent that entities are accurate in submitting information, understand the details of programs and any policy changes related to eligibility, and determine their own eligibility in the same manner as the department would do, revenue is not expected to change. However, given the differing interests and imperfect information, it is not likely that these determinations will be identical.

In responding to the fiscal note request, LED assumes this bill only applies to the Restoration Tax Abatement Program and the Industrial Tax Exemption Program, though the bill appears to apply to all exemptions in Title 47. The agency has not yet responded specifically to questions concerning it's limited interpretation of the original bill.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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