

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



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

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 7, 2017	3:38 PM	<b>Author:</b> SEABAUGH
<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  
 Authorizes and provides for cooperative endeavor agreements between local governmental subdivisions and other entities that may require payments in lieu of ad valorem taxes

Proposed law allows cooperative endeavor agreements that grant an ad valorem tax exemption, so long as the agreement provides for the taxpayer to make payments in lieu of ad valorem taxes to the extent provided in the agreement. The agreement may contain payment obligations, transferability, collection procedures, designation of a collector, and any other relevant matters. Suits to determine the validity of such agreements may be filed in district court having jurisdiction for any party to the agreement.

Effective upon adoption of a constitutional amendment contained in HB 444 of this session (authorizes ad valorem payment in lieu of taxes agreements).

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The bill provides local governments the ability to grant ad valorem tax exemptions in lieu of other payments. 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 seems likely to result in lower local ad valorem tax revenue collections, in that, presumably, 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.

Any effects that may occur could be subject to validation pursuant to suits filed in the district court having jurisdiction for any party to the agreement.

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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**John D. Carpenter**  
**Legislative Fiscal Officer**