

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 444** HLS 17RS 935

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 31, 2017 7:06 PM	Author: SEABAUGH
Dept./Agy.: Local Governments	Analyst: Greg Albrecht
Subject: Payments in Lieu of Ad Valorem Taxes	

TAX/AD VALOREM-EXEMPTION RR SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Establishes an ad valorem tax exemption for property subject to a cooperative endeavor agreement requiring the property owner make payments in lieu of taxes

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 property subject to a cooperative endeavor agreement as provided by law in which the property owner makes payments in lieu of ad valorem taxes to the extent provided in the agreement. Eligible property includes manufacturing establishments, and other property which has been approved by a committee of the legislature.

To be submitted to the electors at the statewide election to be held on October 17, 2017.

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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The amendment appears to provide 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 may 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.

Given the bill's ballot date, it seems likely that the earliest fiscal year that could be affected would be FY19 for agreements affecting ad valorem taxes due in late 2018.

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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Legislative Fiscal Officer