

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 475** HLS 18RS 479

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 25, 2018 7:20 PM	Author: IVEY
Dept./Agy.: Economic Development / Local Governments	Analyst: Greg Albrecht
Subject: Industrial Tax Exemption Program	

TAX/AD VALOREM-EXEMPTION OR SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Provides with respect to the ad valorem property tax exemption for certain manufacturers

Present constitution provides for gubernatorial and State Board of Commerce and Industry approval of 100% ad valorem tax exemption for manufacturers for two sequential five-year periods. In current practice, gubernatorial approval will only be given for a 100% exemption in a first five-year period and 80% exemption in a second three-year renewal period, and only after affected local entities have given approval. Job creation should be a criteria for approval.

Proposed constitutional amendment removes the State Board of Commerce and Industry from the process, and establishes a single seven year term for exemption, subject to approval of the governor. For specific projects, upon recommendation of the governor, an exemption in excess of seven years can granted if approved by a 2/3 vote of a committee of the legislature. The legislature shall provide by law for implementation of this exemption. Once enacted, changes to this law require a 2/3 vote.

To be submitted to the electors at the statewide election to be held on November 6, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The current practice of limiting the ad valorem exemption, conditioning it on job creation, and requiring local entity approval has only recently been initiated, and the state and local governments are still developing protocols for routine implementation.

This bill changes some of the basic parameters of the program in the Constitution, but retains gubernatorial approval. Given the current practices being implemented under the current constitutional parameters, it is unclear if the provisions of this bill would change those practices, although the single seven year term may be a constraint current practices would have to accommodate.

It is speculative as to whether projects that would or would not receive exemption under current practices would or would not be approved under the provisions of this bill.

- 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