

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 549** HLS 19RS 928

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2019	5:24 PM	Author: JEFFERSON
Dept./Agy.: Economic Development		Analyst: Greg Albrecht
Subject: Restoration Tax Abatement Program / Opportunity Zones		

TAX OR SEE FISC NOTE LF RV Page 1 of 1

Adds structures located in opportunity zones to the property eligible to participate in the Restoration Tax Abatement program

Present law provides for the Board of Commerce and Industry to approve two consecutive five-year of frozen assessments for ad valorem taxes for properties expanded, restored, improved, or developed within downtown, historic, or economic development districts. Assessment is frozen at the level of the year prior to commencement of the project.

Proposed law adds Opportunity Zones to the areas within which participating properties can be located. Opportunity Zones were a component of the federal Tax Cuts and Jobs Act enacted in late 2017. Effective for all applications received on or after July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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

Currently, according to the Dept of Economic Development (LED), approximately 34 applications per year to the Restoration Tax Abatement (RTA) program are approved for locations across the state. LED indicates under the new federal law, there have been 150 Opportunity Zones designated for the state, although LED is not aware of the number of potentially RTA-eligible properties in these zones, or the degree of overlap between the zones and the existing districts eligible to participate in the RTA program. It is possible that some additional applications would be received and approved, over and above the normal level for the program, as result of this bill. Assuming some of this property development would occur anyway, local property tax growth would be diminished somewhat during the periods of frozen assessment. To the degree millage adjustments occur, however, the aggregate level of local property tax collections may not be affected so much as the distribution of those taxes across property owners.

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
Legislative Fiscal Officer