

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 78** HLS 202ES 155
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: October 16, 2020 12:40 PM	Author: BEAULLIEU
Dept./Agy.: Local	
Subject: Payment in Lieu of Ad Valorem Taxes	Analyst: Benjamin Vincent

TAX/AD VALOREM-MFG/EXEMP RE SEE FISC NOTE LF RV See Note Page 1 of 1

Authorizes agreements between political subdivisions and taxpayers that may provide for certain payments in lieu of ad valorem taxes (Item #65)

Proposed law contains statutory language authorizing constitutional provisions in Act 370 of the 2020 Regular Session, which will be put to voters statewide on November 3, 2020. Act 370 authorizes an agreement between political subdivisions and owners of new or existing manufacturing establishments, where certain payments may be made to the taxing authority in lieu of ad valorem taxes.

Proposed law provides that the ad valorem exemption agreed to shall be for a term of nine years, in exchange for a payment of no greater than four years' worth of ad valorem tax payments.

Passage of proposed law requires a two-thirds vote by each chamber of the legislature. Effective upon adoption of the proposed Amendment contained in Act 370 of the 2020 during the statewide election to be held on November 3, 2020.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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

Proposed law provides local governments the ability to grant nine years of ad valorem tax exemptions to manufacturing establishments by agreement providing payments in lieu of taxes that are worth no more than four years of taxes.

Payments in lieu of ad valorem tax may provide resources for particular local projects that might not be available from other sources, and at minimum may result in a shifting of tax burden among taxpayers. Utilization of such agreements is speculative, and the ultimate local government aggregate revenue impacts cannot be projected.

Given the bill's effective date, the earliest fiscal year that could be affected would be FY22 for agreements affecting ad valorem taxes due for calendar year 2021.

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}

Gregory V. Albrecht
Chief Economist