



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 371** HLS 21RS 781

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 20, 2021	10:13 AM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Local Governments		
<b>Subject:</b> Payments in Lieu of Ad Valorem Taxes		<b>Analyst:</b> Greg Albrecht

TAX/AD VALOREM-MFG/EXEMP OR SEE FISC NOTE LF RV See Note Page 1 of 1  
(Constitutional Amendment) Authorizes local taxing authorities to enter into cooperative endeavor agreements for the purpose of authorizing 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 non-residential immoveable property subject to a cooperative endeavor agreement between the owner and one or more taxing authorities, as provided by law, in which the property owner makes payments in lieu of ad valorem taxes. Any such agreement shall be for a term not to exceed forty years. Enactment of any law to administer this provision, shall require a vote of two-thirds of the legislature.

To be submitted to the electors at the statewide election to be held on November 8, 2022.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	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	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION


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

REVENUE EXPLANATION

The amendment 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 such cooperative endeavor agreements, the utilization of this authority may result in lower local ad valorem tax revenue collections, in that, 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 date for submittal to the electors of the state, it seems likely the earliest fiscal year that could be affected would be FY24 for agreements affecting ad valorem taxes that would be due for calendar year 2023.

Senate	Dual Referral Rules	House
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

  
**Christopher A. Keaton**  
Legislative Fiscal Officer