

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 372** HLS 22RS 52

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|   |                                |
|---|--------------------------------|
| <b>Date:</b> March 31, 2022 12:26 PM                                    | <b>Author:</b> ROMERO          |
| <b>Dept./Agy.:</b> LA Tax Commission/Environmental Quality              | <b>Analyst:</b> Deborah Vivien |
| <b>Subject:</b> Pollution reduction facility valuation for AVT purposes |                                |

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV Page 1 of 1  
Provides for the assessment of green house gas emissions reduction facilities for purposes of ad valorem property taxes

Proposed law stipulates that the fair market valuation for assessment of green house gas (GHG) emissions reduction facilities will be the actual net value that could be realized if the facilities were removed and sold at a fair and voluntary sale giving due account to all forms of depreciation and expense of removal.

Proposed law defines GHG emissions reduction facilities as machinery or equipment or any improvements or additions to property that has been certified by the Department of Environmental Quality (DEQ) for use in capture, disposal, containment, or reduction of greenhouse gas emissions released into the atmosphere. DEQ will promulgate rules for certification and LA Tax Commission will promulgate rules for valuation. Proposed law is to be applied to facilities acquired, installed or re-purposed, in whole or in part, on or after 1/1/22 and will not apply to any machinery, equipment or improvements/additions used for any other commercial purpose.

| <b>EXPENDITURES</b> | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| <b>Annual Total</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>           |

  

| <b>REVENUES</b>     | <b>2022-23</b> | <b>2023-24</b> | <b>2024-25</b> | <b>2025-26</b> | <b>2026-27</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
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| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| <b>Annual Total</b> |                |                |                |                |                |                      |

**EXPENDITURE EXPLANATION**

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

Currently, DEQ is not aware of any facilities in the state that would fit the definition of a GHG emission reduction facility included in this bill. Should eligible facilities emerge, DEQ reports that current budget would be able to accommodate a few certifications, in the same manner that DEQ currently certifies a tax incentive program for sales tax abatement on purchases of pollution control devices or systems. Certifications are expected to require 24-40 hours of total staff time. Should participation increase requiring a large number of certifications, DEQ will reevaluate the need for additional resources and request it through the budget process.

**REVENUE EXPLANATION**

The LA Tax Commission indicates that limiting the valuation to a single approach could artificially increase or decrease the value, which would impact local tax revenue. The three approaches are cost, income and market values. This bill only uses market value.

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}

*Alan M. Boxberger*  
**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**