

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 86** SLS 23RS 301

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2023	5:23 PM	Author: FIELDS
Dept./Agy.: Local Government		Analyst: Deborah Vivien
Subject: Removes school millages from ITEP for certain renewals		

TAX EXEMPTIONS OR INCREASE LF RV See Note Page 1 of 1
 Constitutional amendment to provide that all 10-Year Industrial Exemption contracts entered into after 12/31/23 shall be entered into only on condition that the exemption shall not apply to taxes levied for purposes related to elementary and Current constitution authorizes by Executive Order JBE 2016-73 an industrial tax exemption program (ITEP), which exempts 80% of ad valorem taxes for manufacturing facilities for 5 years with a 5 year renewal option after state and local project approval. Upon expiration of the Executive Order, a reversion to the current constitution authorizes the state to exempt certain manufacturing facilities from 100% of ad valorem taxation without local approval for 5 years with a 5 year renewal option.

Proposed amendment restricts any ITEP contracts, whether new or renewal, entered into on or after January 1, 2024, to those taxes levied for purposes other than elementary and secondary education.

Subject to voter approval at the October 14, 2023 election.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Under the bill, local governments would receive an increase in property tax revenue in the proportion that the education levies are charged against property that is exempt under existing ITEP contracts entered into on or after January 1, 2024. Data for contracts up for renewal beyond January 1, 2024, is not available within the time constraints of preparing this note. New contracts are subject to future project activity, which cannot be determined. School millages may or may not extend over the entire parish. If an ITEP project is located in an area upon which a school millage is levied, property tax revenue generated from that school millage will increase. For illustrative purposes, the 2022 LA Tax Commission Annual Report indicates that \$4.4 B was exempt from property tax under ITEP in 2022. Some subset of that amount related to education millages on new ore renewal contracts entered into on or after January 1, 2024, would no longer be exempt under the 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}

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