

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



Fiscal Note On: **SB 75** SLS 15RS 322  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** May 20, 2015 2:02 PM **Author:** MILLS  
**Dept./Agy.:** **Subject:** Exemption Review Conference **Analyst:** Travis McIlwain

TAX/TAXATION EG INCREASE GF EX See Note Page 1 of 1  
 Constitutional amendment to establish the Exemption Review Conference and provide for the review and certification of fiscal notes, the sunset of, review, and recommendation on the continuation of tax benefits, and establish certain procedures with Proposed constitutional amendment creates the Exemption Review Conference, which is composed of the governor, president of the senate, speaker of the house, the legislative auditor & two compensated economists. Proposed constitutional amendment provides that each proposed tax exemption bill be prefiled with an Exemption Explanatory Note attached. The chief clerical office of the house or senate shall provide to the Exemption Review Conference a copy of the prefiled legislation and Exemption Explanatory Note to the two economists. Proposed constitutional amendment provides that the two economist members of the conference shall prepare their own analysis and then prepare and present in writing to other members of the conference a proposed tax exemption analysis for certification by the adoption of the conference and a recommendation to the legislature with regard to the tax exemption instrument. Proposed constitutional amendment provides for the conference to meet and adopt an official tax exemption analysis and make an official recommendation to the legislature with regard to the disposition of the tax exemption prior to the last day for filing legislative instruments. Any tax exemption or amendment to a proposed tax exemption that does not have an official tax exemption analysis is to be referred to the conference for a determination within 5 legislative days.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed constitutional amendment is anticipated to result in an indeterminable increase of SGF expenditures associated with the compensation of the two independent economists and 1 alternate economist who will provide analysis to the Exemption Review Conference. The specific hourly rate or flat fee for this type of analysis is unknown at this time. However, such potential costs could be in excess of \$150/hour or a flat fee per review or retainer-like arrangement are payment options for the economists. Ultimately, those professional costs will depend upon the complexity of the analysis and the number of proposed tax exemptions to be analyzed.

The proposed constitutional amendment requires written certification from the legislative auditor by August 1st that sufficient funds have been appropriated to compensate the economist members of the conference and stipulates that the effective date of the amendment is January 1, 2016 in order to allow the legislature an opportunity to appropriate funds to compensate the economist members of the conference.

In addition, depending upon the number of meetings held by the newly created conference or any necessary meetings of the House Ways & Means Committee and/or Senate Revenue & Fiscal Affairs Committee, the legislative members are eligible for the legislative per diem of \$150 plus the milage reimbursement of \$0.58/mile. However, to the extent these additional hearings are scheduled at the same time as other hearings, it is anticipated such costs could be reduced.

This legislation will also likely require significant legislative and executive staff time and effort. The specific amount of workload increase will depend upon the volume of exemption proposals and the extent of information required to be assessed and presented to the conference as well as the various issues that will have to be evaluated.

The proposed constitutional amendment will be considered by voters at the statewide election to be held on October 24, 2015. The Secretary of State may incur minimal ballot printing costs associated with this measure. However, as a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments for the fall statewide elections.

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} *Gregory V. Albrecht*  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}  6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} **Gregory V. Albrecht**  
**Chief Economist**