



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note Summary**

FISCAL NOTE ON: SB 32

SRS98-97

STATUS OF BILL: ENGROSSED

WITH #2 HOUSE COMMITTEE AMENDMENTS

<b>DATE:</b> June 4, 1998 <b>DEPT:</b> Economic Development <b>SUBJECT:</b> Property Tax - Extend Exemption In Downtown Districts	<b>AUTHOR:</b> MALONE  <b>ANALYST:</b> Greg Albrecht
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**PURPOSE OF BILL:**

TAX EXEMPTIONS. Constitutional amendment to authorize ad valorem tax exemption contracts up to 15 years for developing structures for residential use in downtown districts.

Current law allows a contract renewal for one additional 5 year period. This bill allows a second additional 5 year renewal period. This second renewal applies to structures for residential use within downtown districts. To be submitted at the congressional primary election in 1998.

**ESTIMATED FISCAL IMPACT:**

EXPENDITURES	1998-99	1999-00	2000-01	2001-02	2002-03	5 YEAR TOTAL
State General Fund	0	0	0	0	0	\$0
Agy Self Generated	0	0	0	0	0	\$0
Stat Deds/Other	0	0	0	0	0	\$0
Federal Funds	0	0	0	0	0	\$0
Local Funds	0	0	0	0	0	\$0
<b>ANNUAL TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	1998-99	1999-00	2000-01	2001-02	2002-03	5 YEAR TOTAL
State General Fund	0	0	0	0	0	\$0
Agy Self Generated	400	100	250	500	500	\$1,750
Stat Deds/Other	0	0	0	0	0	\$0
Federal Funds	0	0	0	0	0	\$0
Local Funds	-306000	-512000	-689000	-1124000	-1414000	(\$4,045,000)
<b>ANNUAL TOTAL</b>	(\$305,600)	(\$511,900)	(\$688,750)	(\$1,123,500)	(\$1,413,500)	(\$4,043,250)

**EXPLANATION OF ESTIMATES:**

**EXPENDITURES:**

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

**REVENUES:**

The Department of Economic Development database contains 35 contracts within the restoration tax abatement program that represent structures in downtown, historic, or economic development districts. According to the department, the language of this bill seems to imply that all of these contracts would be eligible for this additional renewal because all of these contracts are in downtown districts. If these contracts were renewed for an additional 5 year period local revenue would be reduced from the level that it would otherwise be. The revenue losses estimated above are based on the contracted exemption amounts and the point from which each additional 5 year exemption renewal would occur. The Department of Economic Development will receive additional application renewal fees {\$50 per application}. This fiscal note assumes adoption of this amendment in 1998 will abate tax payments due in December of 1998, affecting FY99 revenue collections. The House Committee on Civil Law and Procedure amended the ballot language of the bill. These amendments have no impact on the fiscal impact of this instrument.

**Senate Dual Referral Rules:**

- [ ]: 13.5.1 >=\$500,000 Fiscal Cost
- [ X ]: 13.5.2 >=\$500,000 Tax or Fee Change

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