

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



Fiscal Note On: **SB 140** SLS 17RS 383

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 18, 2017 1:35 PM	<b>Author:</b> WALSWORTH
<b>Dept./Agy.:</b> Local Governments / LA Tax Commission	
<b>Subject:</b> Payments in Lieu of Ad Valorem Taxes	<b>Analyst:</b> Greg Albrecht

TAX EXEMPTIONS RE SEE FISC NOTE LF RV See Note Page 1 of 1  
 Constitutional Amendment to exempt from ad valorem taxation property subject to certain cooperative endeavor agreements. (2/3 - CA13s1(A))

Present constitution enumerates specific properties that are exempt from ad valorem taxation and provides that no property shall be exempt unless added to the enumeration.

Proposed constitutional amendment adds a new property tax exemption for all property delivered to a construction site for incorporation into a building or other construction, until completion of the project (other than public service property). Completion is defined to mean a certificate of occupancy is issued or the property is available for use/occupancy. Any portion or phase of a project that is complete on the date assessed is not eligible for this exemption.

To be submitted to the electors at the statewide election to be held on October 14, 2017, at the statewide election to be held on November 6, 2018.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
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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.

**REVENUE EXPLANATION**

The value and geographical distribution of affected property can not be readily estimated, but construction projects are occurring across the state on a continuous basis. The effect on the local property tax base seems likely to be relatively large, and the bill can only result in a reduction of that tax base.

Combined with other changes in assessed valuation across property types, the result of the bill may be primarily a redistribution of the tax burden away from property afforded this exemption and onto other properties as millages are adjusted in local jurisdictions.

Given the bill's earliest ballot date, it seems possible that the earliest fiscal year that could be affected would be FY19 for ad valorem taxes due in late 2018.

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}

*John D. Carpenter*  
**John D. Carpenter**  
**Legislative Fiscal Officer**