

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 8, 2017 2:51 PM	Author: WALSWORTH
Dept./Agy.: Local Governments / LA Tax Commission	Analyst: Greg Albrecht
Subject: Payments in Lieu of Ad Valorem Taxes	

TAX EXEMPTIONS EN 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 project testing and commissioning, a certificate of occupancy is issued, all regulatory testing and inspection has been passed, and ownership and control has been transferred from the contractor to the owner. 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.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

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. To the extent this property in the process of construction is subject to assessment, the bill can only result in a reduction of that tax base. However, according to the LA Tax Commission, assessment is typically made only after such construction is complete. Thus, the bill appears to primarily codify current practice, and precludes assessment of these properties in the process of construction in the future.

The Tax Commission indicates that it assesses public service properties in the process of construction, and allocates those assessed values to the parishes. This bill explicitly provides that the exemption it contains does not apply to public service properties.

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
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Legislative Fiscal Officer