

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 476** HLS 18RS 480

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 25, 2018 4:48 PM	Author: IVEY
Dept./Agy.: Local Governments	Analyst: Greg Albrecht
Subject: Payments in Lieu of Ad Valorem Taxes	

TAX/AD VALOREM-EXEMPTION OR SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Establishes an ad valorem tax exemption for property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of taxes

Present constitution enumerates specific properties that are exempt from ad valorem taxation and provides that no other property shall be exempt.

Proposed constitutional amendment adds to the exemptions property subject to a cooperative endeavor agreement in which the property owner makes payments in lieu of ad valorem taxes, as provided by law. Exemptions are limited to ten years unless a greater time period is recommended by the governor. Eligible property includes property of manufacturing establishments, and other property which has been approved by a committee of the legislature. Property under industrial tax exemption contract, within the first two years of such contract, is eligible for the agreements authorized by this amendment.

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

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	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>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The amendment provides local governments the ability to grant ad valorem tax exemptions by agreement providing payment in lieu of taxes. Although there may be numerous reasons for both local governments and taxpayers to enter cooperative endeavor agreements to achieve community goals, the utilization of this authority may result in lower local ad valorem tax revenue collections, in that, presumably, taxpayer payments in lieu of ad valorem tax may be lower than the ad valorem tax itself. Otherwise, taxpayers may not be inclined to enter the cooperative endeavor agreements. However the payments in lieu of ad valorem tax may provide resources for particular local projects that might not be available from other sources. Utilization of such agreements is speculative, and the ultimate local government aggregate revenue impacts can not be projected. In addition, it is not clear how, if at all, these agreements would effect the millage adjustment process and the shifting of tax burdens among taxpayers.

Given the bill's ballot date, it seems likely that the earliest fiscal year that could be affected would be FY20 for agreements affecting ad valorem taxes due in late 2019.

- 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}

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