



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 635** HLS 20RS 276

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 3, 2020	1:15 PM	<b>Author:</b> IVEY
<b>Dept./Agy.:</b> Local Governments		
<b>Subject:</b> Payments in Lieu of Ad Valorem Taxes		<b>Analyst:</b> Greg Albrecht

TAX/AD VALOREM-EXEMPTION OR SEE FISC NOTE LF RV See Note Page 1 of 1  
Authorizes and provides for an ad valorem tax exemption that allows cooperative endeavor agreements between taxing authorities and non-residential property owners that require payments in lieu of ad valorem taxes  
Present law enumerates specific properties that are exempt from ad valorem taxation and provides that no other property shall be exempt.

Proposed law provides procedures for cooperative endeavor agreements between local taxing authorities and non-residential property owners where payments in lieu of ad valorem taxes can be made by the property owners. Public hearings are required, agreements can not exceed twenty-five years, and a reduction in ad valorem taxes can be agreed to.

Contingent upon adoption of the constitutional amendment contained in HB 526 of this session, to be submitted to the electors at the statewide election to be held on November 3, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	2020-21	2021-22	2022-23	2023-24	2024-25	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

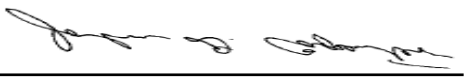
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill provides local governments the ability to grant ad valorem tax reductions or exemptions by agreement providing payments 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, in that 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 ballot date of the companion constitutional amendment, it seems likely that the earliest fiscal year that could be affected would be FY21 for agreements affecting ad valorem taxes due in late 2020.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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