

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



Fiscal Note On: **SB 272** SLS 20RS 250

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 25, 2020	1:49 PM	<b>Author:</b> ABRAHAM
<b>Dept./Agy.:</b> Local Governments		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Payments in Lieu of Ad Valorem Taxes		

TAX EXEMPTIONS RE SEE FISC NOTE LF RV See Note Page 1 of 1  
 Constitutional amendment to establish an ad valorem tax exemption for property subject to a cooperative endeavor agreement requiring the property owner to make payments in lieu of taxes. (2/3 - CA13s1(A))

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 to the extent provided in the agreement, as provided by law. Eligible property includes property of new manufacturing establishments or an addition to an existing manufacturing establishment. Participating property shall be listed on the assessment rolls. Enactment and amendment of law to implement this provision shall require a two-thirds vote of the legislature.

To be submitted to the electors at the statewide election to be held on November 3, 2020.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<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>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</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	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

This constitutional amendment provides local governments the ability to grant ad valorem tax exemptions to manufacturing establishments 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 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 FY22 for agreements affecting ad valorem taxes due in late 2021.

- 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**  
**Legislative Fiscal Officer**