

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 6** HLS 22RS 548

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 31, 2022 12:25 PM	Author: MCCORMICK
Dept./Agy.: Local government	Analyst: Deborah Vivien
Subject:	

TAX EXEMPTIONS

OR SEE FISC NOTE LF RV

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Removes wind and solar farms from ITEP

Current law allows for an Industrial Tax Exemption Program (ITEP) exemption of 100% of ad valorem tax (AVT) for certain manufacturing entities with state approval for 5 years with a 5-year renewal. An overriding Executive Order allows local approval of ITEP exemptions and lowers the exemption to 80% of the AVT. The Executive Order expires in January, 2024, after which the provisions will revert to current law. Provisions of the law, including the definition of eligible businesses, are included in the Administrative Code.

Proposed law directs amendments to the Administrative Code to exclude wind or solar farms from the definition of manufacturer, manufacturing and mega-project, which excludes wind or solar farms from eligibility for the ITEP exemption.

Effective after July 1, 2022

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	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	2022-23	2023-24	2024-25	2025-26	2026-27	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					
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

This bill would exclude wind or solar farms from future ITEP exemptions. To the extent these entities would have received ITEP under current law but will no longer be eligible, local revenue will increase. According to LED, active ITEP exemptions are in place for 11 projects for solar farm projects with an estimated value of \$5.7M annually. BC&I also reports 4 advance filed applications under review (1 application has been deferred by the Board of Commerce & Industry).

The bill would apply to any applications filed on or after July 1, 2022.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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