

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 202** HLS 21RS 152

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 5, 2021	11:41 AM	Author: BISHOP, S.
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Vote Requirement For Tax Incentives		

LEGISLATIVE POWERS OR SEE FISC NOTE GF RV Page 1 of 1
(Constitutional Amendment) Provides for an increased vote requirement when enacting certain new tax incentives

Current law requires a majority vote to enact tax exemptions, exclusions, deductions, rebates, or credits.

Proposed law will require a two-thirds vote to enact new tax exemptions, exclusions, deductions, rebates, or credits (Tax incentives) beginning January 1, 2023. Beginning January 1, 2023, new tax incentives shall expire four years from enactment, but their effectiveness can be extended for four-year periods an unlimited number of times with a two-thirds vote. Any existing tax incentives that expire on or after January 1, 2023 are subject to these same renewal provisions.

To be submitted to the electors at the statewide election to be held on November 8, 2022.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill provides a higher vote threshold for enacting and renewing tax incentives that are enacted after January 1, 2023 or that are currently scheduled to expire after January 1, 2023. While this may make it more difficult to enact such measures and, consequently, hinder the erosion of the tax base, the higher threshold may also have little impact. A review of the final passage votes at enactment or a previous renewal of nine tax incentives scheduled to expire in 2021 through 2026 indicates that the favorable vote margin is typically well in excess of the two-thirds threshold being imposed by this bill. In practice, most tax incentive bills do not pass the legislature under the current majority vote requirement. However, those measures that do pass, typically receive well more than two-thirds vote.

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}

Christopher A. Keaton
Legislative Fiscal Officer