



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 512 HLS 18RS 602
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 25, 2018 12:12 PM Author: IVEY
Dept./Agy.: Local Government Subdivision Analyst: Barbara Lively
Subject: Cooperative Endeavor Agreements

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV Page 1 of 1
Authorizes and provides for cooperative endeavor agreements (CEA) between local governmental subdivisions and other entities that may require payments in lieu of ad valorem taxes

Purpose of the Bill: This measure allows cooperative endeavor agreements that grant ad valorem tax exemption, so long as the agreement provides for the taxpayer to make payments in lieu of ad valorem taxes to the extent provided in the agreement. Agreements are between the local taxing authority and manufacturing establishments eligible for industrial tax exemption (ITEP) or other property owners not eligible for the ITEP, with JLCB approval, that can generate certain economic benefits and create at least 250 new jobs where the property is located.

Effective upon adoption of a constitutional amendment contained in an unspecified House Bill of this session.

Table with 7 columns: EXPENDITURES/REVENUES, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This measure may increase local government expenditures by an indeterminable amount.

According to an official with the Louisiana Assessor's Association, they anticipate an increase in local fund expenditures. This measure allows for separate agreements between the different taxing authorities in the same parish and the Assessors may need to request legal advice on the requirements of the cooperative endeavors agreements and purchase additional software to calculate and track these agreements.

According to an official with Louisiana Department of Economic Development (LED), they do not anticipate an increase in state expenditures as a result of this measure. However, if the number of applications increase substantially with the eligibility of non-manufacturing projects, there is a chance that an extra program administrator would be needed.

According to an official with the Louisiana Tax Commission, they do not anticipate an increase in state expenditures to promulgate rules regarding this measure.

REVENUE EXPLANATION

The effect on local governmental revenues as a result of this measure is indeterminable.

Based on discussion with LED, La Tax Commission, and the La Assessor's Association, the fiscal impact is indeterminable because it is unclear how the local governments would structure these agreements with companies. At the local level, if you assume that payments in lieu of ad valorem taxes would be lower than the actual ad valorem taxes being paid, there could be a decrease in revenues. However, if you assume companies would choose to initiate more projects as a result of this program, it may create a net positive impact for local revenues. Utilization of such agreements is speculative, and the ultimate local government aggregate revenue impacts cannot be projected at this time.

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}

Signature of Michael G. Battle
Michael G. Battle
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