

FISCAL NOTE
Requested by Legislative Council
04/13/2017

Amendment to: HB 1182

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed HB 1182, First Engrossment with Senate Amendments, provides new notice requirements affecting cities that grant property tax incentives, broadens the scope of the law governing the interim study of tax incentives, and provides for a legislative study.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill provides that, before a city may grant a property tax incentive with an anticipated duration of over five years, it must provide written notice to each county and school district that would be affected by the incentive. The county or school district then has thirty days in which to indicate whether or not it chooses to participate and allow the incentive to reduce its share of the property tax levied. If a county or school district elects to not participate, it must provide its reason for doing so and indicate whether it is willing to negotiate the terms of the incentive.

Sections 2 and 3 of the bill place the same requirements (described above for Section 1) in the laws governing the new or expanding business property tax exemption and tax increment financing, respectively.

Section 4 changes the law governing the interim legislative study of tax incentives to broaden its scope to include local tax incentives as well as state tax incentives, and adds certain sales and use tax exemptions to the statutory list of specific incentives to be studied.

Section 5 provides Legislative Management shall consider an interim study of the effect of city development projects on property taxes, and the return on investment resulting from such projects.

Sections 1 through 3 of the bill relate to property tax incentives granted by cities, with respect to which the new notice requirements may affect how property tax burdens are shifted among property owners. None of the sections have any impact on state general fund revenues for the 2017-19 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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