

**BILL SUMMARY**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 695</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	<b>NA</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>3/26/2019</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Increase in Ad Valorem Reimbursement</b>
	<b>FY-20: \$0</b>
	<b>FY-21: \$0</b>
	<b>FY-22: In Excess of \$3.0 Million</b>

**Research Analysis**

Engrossed SB695 relates to the five year ad valorem exemption for qualifying manufacturing establishments. The measure expands the list of manufacturing establishments that are allowed to delay the initiation of their exemption to include any establishment primarily engaged in distribution with an initial capital investment of at least \$180 million.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

The measure proposes amendment to Section 2902 of Title 68 by making establishments primarily engaged in distribution as defined under Industry Numbers 49311 of the North American Industry Classification System for which the initial capital investment was at least \$180,000,000 and provided that their qualifying job creation and depreciable property investment occurred prior to calendar year 2017 but not earlier than calendar year 2013 eligible to delay the initiation of the five year ad valorem exemption to the January 1st following the expiration or termination of the ad valorem exemption, abatement or other incentive provided the facility through a tax incentive district. For purposes of qualifying for the five year manufacturing exemption the referenced establishment would still be required to meet all current exemption qualification requirements outlined in Section 2902 of Title 68.

There is one known establishment currently exempt from ad valorem taxation pursuant to the creation of a tax incentive district which could be eligible under the proposal to delay the initiation of the five year manufacturing exemption. The estimated impact to the ad valorem reimbursement fund is set forth below.

FY 20: None

FY 21: None

FY 22: Increase in claims in excess of \$3,000,000 against the ad valorem reimbursement fund

Prepared By: Mark Tygret

### **Other Considerations**

None.

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