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HOUSE FISCAL AGENCY

124 N. Capitol Avenue
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HB4456 AS PASSED BY THE HOUSE

Sponsor
Committee

Rep. Jud Gilbert
LAND USE AND ENVIRONMENT

Analyst(s) Ross, Rebecca
Stansell, Jim

Completed 6/26/01

State Fiscal Impact

Cost None
Revenues Decrease

Local Fiscal Impact

Cost None
Revenues Decrease

House Bill 4456 (H-4) would create the Alternative Agricultural Production Tax Act under which agricultural property would be exempt, up to 12 years, from the existing general property tax and instead be taxed on its agricultural use value. Under the bill, local units would be able to establish agricultural production districts, in which agricultural property owners could file applications for an agricultural production exemption certificate. If an exemption certificate is revoked or expires and is not automatically renewed, if the property no longer qualifies as agricultural property, or if the owner violates the agricultural production agreement, then the owner is liable for the amount equal to the difference between the alternative agricultural production tax paid and the amount that would have been assessed under the general property tax act for each year in which the most recent agricultural production exemption certificate was in effect, limited to 7 years.

The fiscal impact of House Bill 4456 (H-4) depends on the degree to which local units use the exemption certificates for agricultural property, the local unit mileage rates, the taxable value and the use value of the agricultural property, and the amount collected due to the repayment of tax benefits. If all agricultural property was taxed under the use valuation method, then the fiscal impact would be an estimated \$90 million reduction (to the degree that repayment of tax benefits would occur, the fiscal impact would be offset) in property taxes in calendar year 2003. Local government revenue would be reduced by an estimated \$42.8 million, ISD revenue would be reduced by an estimated \$19.3 million, and community college revenue would be reduced by an estimated \$4.3 million. State revenues (from the 6 mill State Education Tax) would fall by an estimated \$23.6 million.