



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0288

Title: Revise property exemption for agricultural processing facilities

Primary Sponsor: Sales, Walt

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	(\$173)	(\$173)	(\$173)
State Special Revenue	\$0	(\$11)	(\$11)	(\$11)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$173)</u>	<u>(\$173)</u>	<u>(\$173)</u>

Description of fiscal impact: SB 288 broadens the business equipment exemption for canola seed processing facilities by revising the definition to oilseed processing facilities. It also removes the requirement of employing 15 full-time workers under current law.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- The department expects at least one additional seed processing facility to qualify for this exemption as a result of expanded qualification criteria.
- In TY 2020, the known processing facilities that would qualify under SB 288 had business equipment with a market value of \$377,391 and an associated taxable value is \$1,810. The 95 state mills levied against this taxable value is \$172 and the six university mill revenue was \$11. These impacts are grown by the expected class 8 growth factor from HJ 2 to project future years.
- The exemption would apply to TY 2022 and beyond. The first impacts would correspond to FY 2023.
- Costs associated with implementing SB 288 are minimal and will be absorbed by the department.

<u>Fiscal Impact:</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<u>Department of Revenue</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	(\$173)	(\$173)	(\$173)
State Special Revenue (02)	\$0	(\$11)	(\$11)	(\$11)
TOTAL Revenues	\$0	(\$184)	(\$184)	(\$184)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$173)	(\$173)	(\$173)
State Special Revenue (02)	\$0	(\$11)	(\$11)	(\$11)

Effect on County or Other Local Revenues or Expenditures:

1. The loss of the local taxes paid by the processing plant amounts to \$1,023. The associated mill shifts onto other property owners for this reduction in local taxable value is approximately half a mill.

_____ *Sponsor's Initials*
 2/24 *Date*
 _____ *Budget Director's Initials*
 2/24/21 *Date*