

ISD REIMBURSEMENT FOR REVENUE LOSSES FROM RENAISSANCE ZONES



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FISCAL ANALYSIS

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SENATE BILL 1417 ASENROLLED ANALYSIS - 1/13/03

Sponsor: Sen. Bill Bullard
House Committee: Appropriations

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SUMMARY

Under the Renaissance Zone Act the state reimburses Intermediate School Districts (ISDs) for the tax revenue foregone due to any tax-free Renaissance Zones located in the districts. Current law states that ISDs shall be reimbursed for lost revenue based on their taxable property value at the time the Renaissance Zone was designated. However, other entities, such as school districts and community colleges, are reimbursed for lost revenue based on their taxable value in the year that the reimbursement is made. This more accurately reflects the amount of tax revenue lost and leads to a larger reimbursement.

Although current law states that ISDs are to be reimbursed based on taxable value in the year a zone is designated, in practice the Department of Treasury has reimbursed them based on taxable value in the year the reimbursement is made. SB 1417 would change current law to reflect this practice by requiring that ISDs be reimbursed based on current-year taxable value. If the Department of Treasury reimbursed ISDs as described in current law, the bill would represent an additional cost to the state, because it would result in ISDs being reimbursed at a higher rate than under current law. However, since the Department of Treasury is already reimbursing based on the methods in SB 1417, this bill would have no fiscal impact.