Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 362 (Substitute S-2 as reported)
Sponsor: Senator Winnie Brinks
Committee: Economic and Small Business Development

CONTENT

The bill would create the "Attainable Housing and Rehabilitation Act" to do the following:

-- Allow a qualified local governmental unit, by resolution of its legislative body, to establish one or more attainable housing districts within its jurisdiction.
-- Require a qualified local governmental unit to provide certain notice and afford an opportunity for a public hearing before adopting a resolution to establish a district.
-- Allow the owner of a qualified facility to file an application for an attainable housing exemption certificate with the clerk of the qualified local governmental unit that established the district.
-- Require an application to include a site plan and building floor plan approved by the local planning commission or local zoning administrator and a statement describing the number of residential units that reserved for income-qualified residents, among other things.
-- Specify that the total number of units to be reserved for income-qualified households would have to be negotiated by the qualified local governmental unit but could not be less than 30% of the total number of residential units on the property or one residential unit, whichever was greater.
-- Require a clerk to forward a copy of the application and resolution to the State Tax Commission and require the Commission to approve or disapprove the resolution.
-- Require the Commission to issue an approved applicant a certificate that included certain information concerning the qualified facility's taxable value and the period approved for the project to be completed, among other things.
-- Require a certificate to be issued for a period of at least one year, but not to exceed 12 years, with an opportunity for extension to not more than 15 years.
-- Require the amount of the tax, in each year, to be determined by multiplying half of the total mills levied as ad valorem taxes for that year by all taxing units within which the qualified facility was located by the current taxable value of the real and personal property of the qualified facility after deducting the taxable value of the land and personal property other than certain personal property assessed under the General Property Tax Act.
-- Provide certain exemptions to the tax levied under the proposed Act.
-- Provide for the revocation, reinstatement, and transfer of a certificate.
-- Require, by June 15 each year, each qualified local governmental unit granting a certificate to report to the Commission on the status of each exemption.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a negative fiscal impact on the State and local governments. Exempting qualified facilities from property taxes would reduce revenue to local governments and would reduce revenue and increase costs to the SAF. The exemption would reduce revenue for the

State Education Tax, and since school operating mills also would be reduced, costs to the SAF would increase if the foundation allowance were maintained. Since any exemption would need to be approved by the local government, any fiscal impact would depend on decisions made by those units of government, as well as the specific characteristics of the exempted facilities.

The attainable housing rehabilitation tax would be levied at one half the millage rate from which the qualified facility was exempted. The revenue from the tax would be distributed in the same manner as the exempted taxes, except for the described portion of millages for ISDs and school operating expenses, which would be distributed to the SAF. This distribution would reimburse local governments and the SAF partially for lost revenue from the exemptions.

The Department of Treasury would experience additional administrative costs to report annually on the utilization of districts and to produce an economic analysis. These responsibilities could require additional staff and resources and, accordingly, additional appropriations. The State Tax Commission would experience additional administrative costs to process applications within 60 days, which could require staff and resources greater than those currently appropriated.

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