

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7526**  
**BILL NUMBER: HB 1458**

**DATE PREPARED: Jan 10, 1999**  
**BILL AMENDED:**

**SUBJECT:** Tax abatement on fire service levies.

**FISCAL ANALYST:** Bob Sigalow  
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**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill prohibits tax abatement of property taxes imposed for fire services, including pension, debt, and lease rental payments.

**Effective Date:** July 1, 1999; March 1, 2001.

**Explanation of State Expenditures:** The state's expense for property tax replacement credits (PTRC) would not be affected by this bill, since the total unit levies that qualify for PTRC will remain unchanged.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Currently, in an economic revitalization area, abatements may be granted on real property improvements for 3, 6, or 10 years and on new manufacturing equipment for 5 or 10 years. A declining percentage of the property's value is abated in each year of the abatement. The amount of abated AV is not included in the tax base that is used to calculate tax rates.

Under this proposal, ERA abatements that are initially approved after June 30, 1999 would be reduced by the amount of taxes attributable to fire services, including pension, debt, and lease rental payments that are applicable to the taxing district where the property is located. This action would shift a portion of the tax levy for fire services from all taxpayers to the taxpayers receiving the abatements. In the case of a cumulative fire fund, which is rate controlled, the additional AV would generate additional revenue.

The actual fiscal impact depends on the individual fire service tax rates and on the AV of the property that is to be abated.

**State Agencies Affected:**

**Local Agencies Affected:** Economic Revitalization Areas; Fire Departments.

**Information Sources:**