

# SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

## FISCAL NOTE, 2010 LEGISLATIVE SESSION

### FISCAL NOTE 2010-SB172A

SB 172 revise the definition for environmental upgrades used to provide a property tax exemption for coal-fired power plants.

SB172 would allow a property tax exemption for pollution control equipment added to an existing coal-fired power plant.

As per information provided from the Department of Revenue and Regulation, the industry estimates an expenditure of approximately \$300,000,000 on new pollution control equipment and structures. Absent this bill, these improvements would be subject to local property taxes.

On the surface, it would seem that if a school district received additional property taxes to fund a portion of their state aid to education, the state could then decrease their share of state aid in that district. It is true that the school district would receive more dollars from local tax payers and fewer dollars from the state. However, because of the provisions provided in SDCL 13-13-72 (Cutler/Gabriel), the total amount of state aid to education paid by the state must be adjusted each year. The amount "saved" from going to that school district would be divided among the other districts. Therefore, **the state general fund would realize no savings.**

If the \$300M in equipment was not exempted from the tax and the value was added to the tax base, either or some combination of the following could occur:

- b) all tax payers could experience a decrease in their property tax obligation because overall levies could be reduced with the same amount of money generated; or
  
- d) local taxing entities could collect additional revenue from the added growth and apply it to the various local government activities.

This fiscal note was prepared in consultation with the Department of Revenue and Regulation and the Bureau of Finance and Management, pursuant to Chapter 6C of the Joint Rules of the Legislature.

APPROVED BY: Signed by Mr. James Fry DATE: 2/22/2010