

HOUSE RESEARCH

Bill Summary

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Subject: Extending certain abatement authority to delinquent taxes

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Overview

This bill extends economic development property tax abatement authority to delinquent taxes, penalties, and interest. Present law limits this authority to the current year taxes. Effective for abatements granted after December 31, 2006.

Section

- 1** **Abatement.** Expands the definition of "abatement" to include delinquent taxes, penalties, and interest, thereby allowing political subdivisions to include those amounts in any property tax abatement they grant. These property tax abatements may be used for economic development, such as to encourage a business to locate or expand in a given area, as well as to finance public infrastructure or to phase-in large tax increases. The abatements may be either permanent forgiveness or a temporary deferral of property tax. This authority was given to counties, cities, towns, and school districts in 1997 to provide an alternative to TIF and to supplement it.

Paragraph (b) provides that if delinquent taxes are abated, the years for which they are abated are included in computing the duration limits.

Effective for abatements granted after December 31, 2006.