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## ***Detailed Fiscal Analysis***

### ***Tax Anticipation Notes***

The bill would allow a taxing authority to issue tax anticipation notes (TANs) at any time during the life of a levy, excluding current operating levies. The term of the notes is limited to a period of 10 years if the levy is continuing in nature, or the remaining life of fixed term levies. No more than 50% of the anticipated revenues may be borrowed against. Currently, TANs can only be issued after a levy has been passed, but prior to the first receipt of the ensuing revenue. Since property taxes are levied and collected in arrears, a levy that is approved at a special February election will not provide revenue to the local taxing authority for approximately one year; tax anticipation notes provide local taxing authorities the ability to put future revenues to work immediately.

By limiting the issuance of TANs to a narrow time frame, local taxing authorities can not use future revenues to finance current expenses. In the case of operating deficits, this limitation provides protection from risky financial planning strategies. However, in the case of certain capital expenditures, the issuance of a TAN may provide the taxing authority with a more flexible expenditure plan, particularly if time is of the essence. For example, if subdivision would like to purchase a parcel of land for public use, a TAN can be issued much faster than a general obligation bond.

Local subdivisions are subject to certain debt restrictions; for example, a municipal corporation may not incur net indebtedness that exceeds 5½% of tax valuation without a vote of the people. Tax anticipation notes are not included in the calculation of net indebtedness. This bill will allow local taxing authorities an additional option to avoid debt limitations.

### ***Township Property Tax Levies***

The bill adds an item to the list of uses a township may issue a levy for and mildly expands the definition of another use. Townships are provided the additional purpose of levying a property tax for the construction, rehabilitation, repair, or maintenance of sidewalks, walkways, trails, bicycle paths, or other similar purpose. In addition, townships are granted authority to designate a levy for the purpose of protecting or preserving “greenspace”.

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