



SB 133 Construction in Process gets a sunset

Senate Finance Committee – Jody Wiser – 2.6.2023

We support this bill, which addresses the fact that there is currently no sunset for either of the two provisions that shield business property from property taxes while under construction. The costs of the two provisions, *The Commercial buildings under construction* and *Construction in process in an enterprise zone* provisions are combined in the [Tax Expenditure Report](#). They are expected to reduce property tax receipts by an estimated \$44.8 million and shift another \$10.9 million to other taxpayers in the coming biennium. These numbers are up roughly 40% from two years ago.

Just as items in the budget get reviewed every two years, we believe expenditures through the tax code should be reviewed periodically. However, SB 133 addresses only one of the two provisions for business properties under construction. We encourage you to amend and put both provisions in the bill. Further, we would suggest that this and the other provisions before you today be added to the list of tax expenditures for which LRO provides guidance in their [Tax Credit Review](#) document designed to assist you in each long session. The language of that amendment will need to be retitled to “Tax Expenditure Review”. We always find their research adds substance to the Tax Expenditure Report.

We note that you could use this bill to also place a sunset on the Strategic Investment Program another tax expenditure without a sunset that would logically have the same sunset date as the two enterprise zones and the construction in progress expenditures.