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 DIGEST

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SB 165 Reengrossed

2021 Regular Session

Smith

Present law establishes the mechanism by which ad valorem property tax millage rates are automatically adjusted in response to changes in the tax base resulting from reassessment or a change in the homestead exemption. Both the millage rate imposed in the year before the change in the base, as well as the maximum authorized millage rate, are adjusted so that the same amount of taxes is collected in the year after reappraisal as was collected in the prior year.

Present law authorizes an increase in a millage rate up to the prior year's maximum authorized rate by 2/3 vote of its governing body without voter approval. The maximum authorized rate is adjusted every four years due to statewide reassessment and may also be adjusted due to a change in the homestead exemption.

Proposed law allows, beginning in the 2023 ad valorem tax year, a taxing authority to increase its millage rate up to the maximum authorized millage rate authorized by the constitution and approved by the taxing authority until the authorized millage rate expires rather than the present law's maximum authorized rate in effect the prior year.

Proposed law prohibits a taxing authority from increasing the millage rates in excess of its adjusted millage rates established for the 2021 ad valorem tax year and 2020 ad valorem tax year in Orleans Parish.

Proposed law requires that if an immediate subsequent reassessment has an increased taxable value, the adjusted maximum millage rate be decreased to the maximum millage rate for the 2020 reassessment year, or the 2019 reassessment year for Orleans Parish provided by the constitution and approved by the taxing authority.

Effective if and when the proposed amendment of Article 7, Section 23(C) of the Constitution of Louisiana contained in the Act which originated as SB 154 of the 2021 RS is adopted at the statewide election to be held on November 8, 2022, and becomes effective.

(Amends R.S. 47:1705(B)(1)(a) and (b)(i))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Adds bill number of proposed constitutional amendment.

Senate Floor Amendments to engrossed bill

1. Removes references to the legislative auditor and makes other technical changes.
2. Requires decrease in maximum millage rate if the reassessment has an increased taxable value.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the reengrossed bill:

1. Specify that if an immediate subsequent reassessment has an increased taxable value, the adjusted maximum millage rate shall be decreased to the maximum millage rate for the 2020 reassessment year, or the 2019 reassessment year for Orleans Parish provided by the constitution and approved by the taxing authority.