



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 448 HLS 17RS 288
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.: REVISED

Date: May 8, 2017 3:37 PM Author: ABRAMSON
Dept./Agy.: Orleans Parish Nonprofits Analyst: Barbara Lively
Subject: Property Tax - Exemption for Non-Profits

TAX/AD VALOREM-EXEMPTION OR SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Establishes eligibility requirements for the exemption for property owned or leased by a nonprofit organization in Orleans Parish, authorizes adjustment of the status and extent of the exemption by the Orleans
Purpose of the Bill: Constitutional Amendment provides that no exemption will be granted for vacant property or property not wholly used for the exempt purpose of the nonprofit. Also provides that the governing authority of Orleans Parish, if adopted by the parish governing authority and approved by the electors in Orleans Parish, can reduce or limit ad valorem "existing exemptions" for the assessed value for property owned/leased by nonprofit corporations and associations. However, in no case shall the tax exemption for a particular property be applicable to less than fifty percent of the assessed value of the property. In the year of implementation, taxes shall not increase above the amount collected in the preceding year by adjusting downwards the millages to reflect any changes in the tax base.

To be submitted at the statewide election to be held on October 14, 2017. Effective January 1, 2019.

Table with 7 columns: EXPENDITURES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on local governmental expenditures as a result of this measure. The election on October 14, 2017 is a statewide election. The addition of constitutional amendments will not increase election costs unless the number of constitutional amendments exceeds 10 amendments. However, if elections are called for reduction/limitation of existing exemptions in the future, local government expenditures may increase.

REVENUE EXPLANATION

This bill may increase local government revenues by an indeterminable amount.

This bill clarifies that property not wholly used for the purpose of the nonprofit will be subject to taxation. It further provides that vacant property owned by a nonprofit would be subject to taxation.

According to an official with the Orleans Tax Assessor's office, all property and buildings owned/leased by nonprofit organizations are currently being taxed if the building is used for a purpose unrelated or not wholly devoted and exclusively used for the nonprofit's purpose. Therefore, there will be no revenue increase as these entities are currently being taxed.

However, there are 2,141 parcels of vacant property owned by nonprofits that have an assessed value of \$2,163,699 that could be added to the tax rolls. If the property were added in 2019, estimated taxes based on the current assessed value of the property and all the current millage rates of the City Parish would yield approximately \$410,000.

The bill also provides that the Orleans Parish governing authority may reduce or limit "existing exemptions."

In no case shall a tax exemption for a particular property be applicable to less than fifty percent of the assessed value of the property. Such reduction/limitation is contingent on passage of a resolution/ordinance by the governing authority and approval by the voters of the parish. Also, millages will be rolled back so that revenue in the year of implementation will not exceed the previous year's revenue collections.

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
Michael G. Battle
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