



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **SB 5** SLS 23RS 81  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** June 7, 2023 9:19 AM **Author:** ALLAIN  
**Dept./Agy.:** Tax Commission **Analyst:** Deborah Vivien  
**Subject:** Allows noncash alternatives for AVT payments under protest

TAX/AD VALOREM EN SEE FISC NOTE LF RV See Note Page 1 of 1  
 Provides for alternatives in lieu of payment under protest for challenges to ad valorem tax assessments. (8/1/23)

Current law mandates that an ad valorem taxpayer make a payment under protest of the amount of taxes in dispute when filing a legality challenge with the Board of Tax Appeals or District Court. Filing an appeal of a Board of Review assessment with the Tax Commission concerning the correctness of the assessment does not require a payment under protest, though a taxpayer may still pay under protest. A payment under protest is held in escrow by the local tax collector until the dispute is resolved.

Proposed law clarifies that the Tax Commission will consider a taxpayer's appeal of a Board of Review assessment without payment under protest. Proposed law also allows the taxpayer to pledge a bond or other security (pledge, collateral assignment, lien, mortgage, factoring of accounts receivable or other asset encumbrances) in lieu of a cash payment under protest, the reasonableness of which is determined by the District Court or Board of Tax Appeals (BTA). The District Court or Board of Tax Appeals may order an additional payment under protest to reach reasonable security.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Any additional resources required by courts or local collectors for security compliance and validation or liquidation upon judgment are indeterminate. The responsibility would presumably fall upon the court in which the case is filed. There are no provisions for payment of these potential expenses in the bill. It is also indeterminate whether removing the cash requirement to proceed with a legality dispute will allow more taxpayers to dispute a tax bill instead of it reverting to tax sale, which could also impact the timing and amount of local revenue.

**REVENUE EXPLANATION**

The bill impacts the amount of cash payments under protest at the local level by allowing a bond or other security to be posted with the filing of a timely dispute with the Tax Commission, Board of Tax Appeals or District Court, whether related to the assessment or amount of the tax. However, the bill is explicit that disputes concerning the correctness of the ad valorem tax will not require payment under protest or a security pledge, as is current practice.

Currently, payments under protest are paid in cash in the amount of the disputed tax and are held in escrow separate from local revenue by the tax collector. If the final determination affirms the tax liability, the funds are then deposited for use by the appropriate taxing authorities. Otherwise, the funds are returned to the taxpayer. This bill appears to continue to allow cash payments under protest in the same manner but also authorizes alternative payments to presumably be filed with the court, including bonds, pledge, collateral assignment, lien, mortgage, factoring of accounts receivable or other asset encumbrances.

The extent to which securities would require liquidation in order to satisfy a tax settlement could impact the timing of the dollars made available to local taxing authorities compared to cash payments under current law. Removing the cash requirement to proceed with a dispute may allow more taxpayers to challenge a tax bill instead of reverting to tax sale, which could also impact the timing and amount of local revenue.

The bill provides language equalizing legal responsibilities regarding Ad Valorem taxation between the Board of Tax Appeals (including the Local Tax Division) and District Court, which appears to clarify existing procedures, not result in an expansion of power or duties.

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}

*Alan M. Boxberger*  
**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**