



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 221 SLS 24RS 209
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.: REVISED

Date: April 4, 2024 4:14 PM Author: CATHEY
Dept./Agy.: Louisiana Tax Commission & Local Government Entities
Subject: Allocation of Property Tax Assessments Analyst: Sarah Futch

TAX/AD VALOREM OR SEE FISC NOTE LF RV See Note Page 1 of 1
Provides relative to the allocation of ad valorem tax assessed values of certain property. (gov sig)

Purpose of the Bill: This bill requires the Louisiana Tax Commission (LTC) to develop an allocation methodology to reallocate the assessed values of railcars owned by certain out-of-state companies, currently allocated entirely to East Baton Rouge Parish (EBR), across multiple parishes for property tax purposes.

Note: The fiscal note assumes that duties for billing, collecting, and remitting taxes outlined in the bill will be performed by the East Baton Rouge Parish Sheriff's Office (EBR Sheriff), due to the sheriff's existing role in property tax collections, as the bill does not designate a specific EBR entity for these tasks.

Table with 7 columns: EXPENDITURES/REVENUES, 2024-25, 2025-26, 2026-27, 2027-28, 2028-29, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may increase LTC expenditures by \$5,000 in Fiscal Year 2025. EBR Sheriff expenditures may increase by \$178,000 in Fiscal Year 2025 and \$148,000 annually thereafter, depending on LTC's allocation methodology.

LTC: Based on information from LTC, there are 327 companies/taxpayers to whom this bill appears to apply. An LTC official indicated that this bill may increase LTC expenditures by up to \$5,000 in Fiscal Year 2025 for software changes necessary to implement the allocation and reporting requirements of the bill, which will be done for each company/taxpayer.

EBR Sheriff: An EBR Sheriff official indicated the need to purchase additional software (costing approximately \$90,000 initially and \$60,000 annually thereafter) due to limitations in the existing software that may hinder the EBR Sheriff's ability to effectively perform the duties outlined in the bill.

REVENUE EXPLANATION

This bill may shift local revenues, decreasing revenue for certain EBR entities while increasing it for entities in other parishes. However, the exact impact, both overall and for each parish/entity, is currently indeterminable due to insufficient information on factors such as LTC's allocation methodology.

The following analysis was provided to illustrate the bill's potential impact on local revenue under specific conditions. For this analysis, we: (1) obtained data from DOTD, LTC, and local entities; (2) allocated the total assessed value of railcars (\$81.26 million) across 56 parishes based on each parish's share of total state rail miles; (3) calculated and applied average property tax rates for each parish; and (4) assumed that EBR Sheriff would retain 1% of tax collections to offset costs.

This analysis shows a revenue decrease of \$7.54 million for EBR (primarily impacting EBR School Board, Sheriff, Library, and BREC) and a combined revenue increase of \$7.30 million for 55 other parishes. The revenue increase for the 55 other parishes averaged \$132,200 per parish, ranging from \$977 in East Feliciana to \$619,714 in Caddo.

Senate Dual Referral Rules
[checked] 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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