

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 412** HLS 26RS 667

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 12, 2026 3:43 PM	Author: DEWITT
Dept./Agy.: LA Tax Commission and Local Parish Governments	Analyst: Garrett Ordner
Subject: Assessment and reappraisal for ad valorem tax purposes	

TAX/AD VALOREM TAX OR DECREASE LF RV See Note Page 1 of 2
(Constitutional Amendment) Provides relative to assessment and reappraisal of property for ad valorem tax purposes and establishes a property tax exemption

Proposed constitutional amendment provides that the assessed valuation of property subject to the homestead exemption shall not be increased by more than the average annual increase in the Consumer Price Index (CPI) for all urban consumers for the previous calendar year, unless the increase is attributable to construction on or improvements to the property. Proposed constitutional amendment also provides that residential property for which an owner has held a homestead exemption for thirty or more years, and on which the owner has paid all ad valorem taxes due for thirty or more years, shall be exempt from ad valorem taxation. Proposed constitutional amendment increases the minimum frequency for property reappraisal and valuation from every four years to every five years. Proposed constitutional amendment repeals provisions of current constitution providing for a phase-in of increases in assessed values for homesteads whose value following reappraisal increases by more than 50%. To be submitted to the electors at the statewide election to be held on November 3, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The Louisiana Assessors' Association reports parish assessors will incur significant costs to verify thirty years of homeownership and tax payments for taxpayers seeking the proposed exemption. Additionally, consultations with several parish sheriff's departments suggest that some parishes' tax payment records dating back to 1997 may not be easily accessible. If the oldest of these records only exist on paper, for example, there will be costs to construct a payment history for these taxpayers. Given there are 64 assessor's offices in Louisiana, even a moderate cost to each office to compile these payment histories could be significant in the aggregate.

Proposed constitutional amendment may result in changes to the timing of any costs associated with reappraisal to the extent that parish assessors decrease the frequency with which they conduct reappraisal and valuation procedures. For example, the next quadrennial reappraisal and valuation will take place in 2028 under present constitution, but if a quinquennial reappraisal and valuation instead takes place in 2029, any costs or workload associated with the reappraisal will take place later. The Louisiana Legislative Auditor, which is responsible for adjusting millages following reappraisal, states that any costs to its office associated with proposed constitutional amendment will be minimal.

REVENUE EXPLANATION

Proposed constitutional amendment will result in an indeterminable but potentially significant decrease in ad valorem tax revenues by limiting the growth in assessed value of the tax base and therefore the extent to which taxing authorities can capture tax revenue associated with such growth by rolling forward millages following reappraisal. Additionally, the provision extending the minimum interval between reappraisal and valuation from four years to five years will have an indeterminable impact on tax revenues, and the impact will likely vary by year.

Present constitution requires parish assessors to reappraise and value property at least every four years, and millages are subsequently adjusted to maintain tax revenues consistent with the prior year despite changes to the value of the existing tax base. However, if millages are decreased ("rolled back") in response to increases in the value of the existing tax base, a taxing authority may, by a two-thirds vote and after a public hearing, subsequently increase ("roll forward") the millage up to the prior year's maximum, allowing the taxing authority to capture additional ad valorem tax revenues resulting from the growth in the value of the existing tax base.

REVENUE EXPLANATION CONTINUED ON PAGE TWO

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Currently, the assessed value of a homestead changes upon reappraisal, reflecting the change in the fair market value of the property over the reappraisal cycle (which would be five years under proposed constitutional amendment). Proposed constitutional amendment provides that the assessed value of a homestead cannot increase more than the growth in the prior calendar year's CPI, which appears to only allow for an increase in assessed value by a single year's worth of inflation (as measured by the CPI rather than fair market property values) once every five years.

If proposed constitutional amendment significantly limits growth of the assessed value of homesteads while the assessed value of the rest of the tax base grows normally, millages will not be adjusted downward as much as they otherwise would (assuming an increase in the value of the tax base), shifting the tax burden to non-homestead properties. If taxing authorities elect to "roll forward" millages up to the prior year's maximum in order to capture revenue associated with the growth in the value of the existing tax base, proposed constitutional amendment significantly decreases the amount of revenue that can be captured.

Proposed constitutional amendment provides that residential property for which an owner has held a homestead exemption for thirty or more years, and on which the owner has paid all ad valorem taxes due for thirty or more years, shall be exempt from ad valorem taxation. This will result in an indeterminable decrease in tax revenues. The extent of the decrease will depend upon the number of homeowners who have lived in and paid taxes on their homes for 30 years.

Finally, proposed constitutional amendment increases the minimum frequency for property reappraisal and valuation from every four years to every five years. Shifting the 2028 reappraisal and valuation to 2029 may result in reduced revenues for tax year 2028, but allowing for an additional year of inflation prior to reappraisal and valuation may lead to increased tax revenues in tax year 2029 and subsequent tax years (except for homesteads, whose assessed value would be subject to the limits provided in proposed constitutional amendment). The proposed decrease in the frequency of reappraisals may ultimately lead to larger, but less frequent, increases in tax revenue resulting from increases in the value of the tax base. However, any change in revenues is contingent upon taxing authorities rolling forward millages after a post-reappraisal downward adjustment, as the automatic millage adjustment otherwise serves to keep ad valorem tax revenues flat between pre- and post-reappraisal years.

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}

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