



OFFICE OF LEGISLATIVE AUDITOR

Fiscal Note

Fiscal Note On: SB 14 SLS 051ES 188
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Sub. Bill For.:
Proposed Amd.:

Date: November 9, 2005 4:59 PM
Author: SCHEDLER
Dept./Agy.: Local Government
Subject: Proration and/or suspension of ad valorem taxes due
Analyst: Cheryl Tucker-Smith

TAX/AD VALOREM OR DECREASE LF RV See Note Page 1 of 1
Requires property taxes due for the year in which the property is damaged, destroyed and made uninhabitable to be prorated according to time it was habitable and authorizes a tax authority to suspend the collection of taxes if the parish governing
Purpose of the Bill: This measure requires assessors to prorate, upon application of the property owner, the ad valorem taxes due for the year in which property is damaged or destroyed as a result of a man-made or natural disaster such as fire, flood, tornado, or hurricane. The taxes due shall be prorated based on the number of months during the tax year the property was habitable divided by twelve, with a fraction of a month being considered a month. A statement of the proration's availability shall be included on the property tax bill.

In addition, if more than 75% of the properties in the parish are severely damaged or destroyed, based on the governing authority's determination, any taxing authority may suspend the collection of all or a portion of the taxes owed to it through adoption and publication of a resolution. Severely damaged or destroyed means uninhabitable.

Table with 7 columns: EXPENDITURES/REVENUES, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill could increase local government expenditures by an indeterminable amount for any year in which a man-made or natural disaster occurs. According to the Vermillion Parish assessor, expenditures could increase because additional personnel would be needed to verify how many months homes had been habitable or inhabitable.

On the other hand, if a resolution is adopted for the suspension of the collection of taxes due for severely damaged or destroyed properties, then the taxing authority's expenditures may decrease (due to a decrease in the collection of taxes) until the revocation of the suspension. There may also be additional administrative costs to local government to publish a resolution in the official journal and to add a statement of the pro-ration's availability to the tax notice.

REVENUE EXPLANATION

This measure could decrease local government revenues by an indeterminable amount for any year in which a man-made or natural disaster occurs. If the property owner chooses to request the tax bill proration, then only a portion of the taxes due will be collected. Also, if a resolution is adopted for suspension of taxes due for severely damaged or destroyed properties, this measure could delay the receipt of a taxing authority's revenues and thus impact any earning potential resulting from the investment of such revenues.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Signature of David K. Greer

David K. Greer
Director, Performance Audit