



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 360 SLS 14RS 704
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 16, 2014 11:55 AM Author: RISER
Dept./Agy.: Tax Assessors Analyst: Anthony Truong
Subject: Reimbursement of Defense Expenses

TAX/TAXATION EG SEE FISC NOTE LF RV Page 1 of 1
Provides relative to reimbursement of expenses for defending assessments. (gov sig)

Purpose of Bill: This bill requires tax recipient bodies to reimburse their tax assessor for expenses incurred in successfully defending the legality of an assessment. These reimbursements are to be paid by the tax collector from certain related tax collections. The cost of the reimbursement will be shared between the tax recipient bodies on pro rata basis (based on the amount of taxes collected). The assessor is required to furnish an itemized expense voucher to the tax collector. In addition, this bill repeals provisions regarding (1) the assessor obtaining approval of certain tax recipient bodies prior to contracting obligations; (2) advance notice given to tax recipient bodies prior to employing counsel and appraisers; and (3) appeals made to the courts and the related pro rata reimbursement of expenses. The bill also provides that the provisions of this Act shall apply to all disputes currently pending on the effective date of this Act and to all disputes arising thereafter.

Table with columns: EXPENDITURES, REVENUES, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 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 governmental expenditures as a result of this bill. We contacted sheriffs' offices to determine if there would be any related expenditures to their offices. According to officials with the sheriffs' offices in the parishes of East Baton Rouge and Livingston, this bill would not impact the expenditures of their respective offices.

REVENUE EXPLANATION

This bill provides for the transfer of revenues from tax recipient bodies (local governmental entities) to assessors (local governmental entities) for reimbursement of legal expenses. Therefore, there is no overall direct material effect on local governmental revenues as a result of this bill. Furthermore, information obtained from our sources indicates that these type of legal challenges have been a rare occurrence.

We contacted officials from various assessors' offices statewide and the Louisiana Tax Commission regarding the fiscal impact of this bill, and these officials responded as follows:

- 1) Acadia Parish Assessor's Office: has not had to deal with legality challenges of assessments, and, therefore, concludes that this bill would have not impact the Assessor's Office.
2) Beauregard Parish Assessor's Office: has not had to deal with legality challenges of assessments; office accounting records from 2006 to present show no legal expenses related to defending assessments.
3) Caldwell Parish Assessor's Office: fiscal impact could not be determined as any impact would depend on the defense itself; and challenges are rare, which makes it difficult to determine the impact of the bill on the Assessor's Office.
4) Jefferson Parish Assessor's Office: has not had to defend any contested assessments within the past ten years, and, therefore, concludes that this bill is unlikely to impact the Assessor's Office in the immediate future.
5) The Louisiana Tax Commission was unable to determine the fiscal impact of this bill on assessors.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin
Director of Advisory Services