



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **HB 235** HLS 15RS 607

Bill Text Version: **RE-REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 3, 2015	6:14 PM	Author: ARNOLD
Dept./Agy.: Local Government		Analyst: Robbie Robinson
Subject: Incorporation of any area located within a single parish		

LOCAL GOVERNMENT RR INCREASE LF RV See Note Page 1 of 1
(Constitutional Amendment) Authorizes the legislature to provide, by local law, for the incorporation of any area located within a single parish

Purpose of Bill: This constitutional amendment authorizes the legislature to provide, by local law, for the incorporation of any area located within a single parish (if the parish contains fewer than two incorporated areas on January 1, 2016) and to provide for the exclusion of the area from the boundaries of any existing municipality. The exclusion shall not be effective until the effective date of such incorporation and upon approval by a majority of the electors residing in the newly incorporated area.

This constitutional amendment would also remove application of the homestead exemption for general city taxes for property located in Orleans Parish.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

The impact on local government expenditures is indeterminable.

If the constitutional amendment is passed, the legislature is authorized to provide, by local law, for the incorporation of any area located within a single parish (if the parish contains fewer than two incorporated areas on January 1, 2016) and to provide for the exclusion of the area from the boundaries of any existing municipality. This measure provides that a majority of the electors residing in the newly incorporated area must approve the exclusion of the area from the boundaries of an existing municipality. Therefore some election costs are anticipated.

This measure also removes application of the homestead exemption for general city taxes for property located in Orleans Parish. As a result, local ad valorem tax collections in Orleans Parish would increase, which could result in an increase in local expenditures. Related expenditures can not be reasonably estimated at this time.

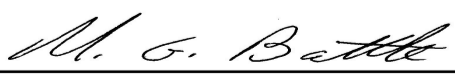
REVENUE EXPLANATION

This bill may increase local government revenues by an indeterminable amount.

This measure will result in a shift of revenues collected by the current governing authority and the newly created incorporated municipality. These amounts will be determined once the newly incorporated municipality follows due process in establishing a local tax base.

This measure, **as amended**, also removes the application of the homestead exemption for general city taxes for property located in Orleans Parish. The Louisiana State Constitution currently provides that the homestead exemption is not extended to municipal taxes, however the Louisiana State Constitution further provides that the homestead exemption does apply to general city taxes in Orleans Parish. Therefore, if this measure passes **as amended**, the homestead exemption will not apply to the general city taxes on property located in any municipality in the Parish of Orleans, thus resulting in an indeterminable increase in local tax collections. For instance, in the Parish of Orleans, if only the City Alimony Taxes were considered general city taxes, then \$6,368,519 of the \$52,722,701 in City Alimony Taxes would no longer be exempted due to homestead exemptions (figures were obtained from the *Orleans Parish 2015 Ad Valorem Millages, Assessments, Homestead Exemptions, and Taxes Schedule* prepared by the City).

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |


Michael G. Battle
 Manager, Advisory Services