

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 608** HLS 16RS 1116

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 31, 2016	2:21 PM	Author: ADAMS
Dept./Agy.: Tax Commission		Analyst: Deborah Vivien
Subject: Increases the assessment fee from 0.01% to 0.04%		

TAX COMMISSION, STATE EN +\$1,700,000 SD RV See Note
Provides relative to fees levied by the Louisiana Tax Commission

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Current law authorizes the Tax Commission to assess a fee for the assessment of public service properties of 0.01% of the assessed value to be paid by the public service paying the ad valorem tax. These fee collections have partially funded the operations of the Commission. The fee is authorized through June 30, 2018 but has been renewed routinely since 1993.

Proposed law retains the current law expiration date of June 30, 2018, but increases the assessment fee for public service properties from 0.01% to 0.04% of the assessed value beginning July 1, 2016 and ending July 1, 2018. These fees are deposited into the Tax Commission Expense Fund.

Effective July 1, 2016.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$1,700,000	\$1,700,000	SEE BELOW	SEE BELOW	SEE BELOW	\$3,400,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$1,700,000	\$1,700,000				\$3,400,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Based on 2015 public service property assessed values, the Tax Commission expects the rate increase to generate about \$1.7M annually beginning in January, 2017, when taxes become due for tax year 2016. Collections would begin in the middle of FY 17, which may require a cash flow solution (such as seed funding) for first half of FY 17, if the fee proceeds supplant the agency's current SGF appropriation of about \$1.4M. The fee would be deposited into and appropriated from the Tax Commission Expense Fund. The rate would remain in place for taxes due in FY 18 (from tax year 2017).

The current 0.01% fee is authorized through June 30, 2016, increasing to 0.04% through July 1, 2018. The fee has been renewed routinely since 1993, and it is assumed that this practice will continue. However, the rate at which the fee will be renewed is not known. If the fee is renewed at the higher rate of 0.04%, the revenue increase will continue throughout the fiscal note horizon. If the fee is renewed at the current rate of 0.01%, there would be no fiscal impact in FY19 - FY21 relative to the the current fee, but a drop from the increase provided by this bill.

Senate Dual Referral Rules House

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|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <input 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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