

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 656** HLS 17RS 1040

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 1, 2017 7:04 PM	Author: SHADOIN
Dept./Agy.: La Tax Commission	Analyst: Greg Albrecht
Subject: State Property Tax	

TAX/AD VALOREM TAX OR +\$233,000,000 SD RV See Note Page 1 of 1
Imposes a state ad valorem tax and provides for the dedication of the avails of the tax to the TOPS Fund for the support of higher education

Current constitution authorizes a statewide ad valorem tax of 5.75 mills of assessed value. This millage is not currently levied.

Proposed law levies a 5.75 mill tax on the assessed value of all property in the state, but subject to exemptions provided in the state constitution. The tax is to be assessed, collected, and enforced in each parish in the same manner as other ad valorem taxes imposed by parish governments. The La Tax Commission shall promulgate rules as necessary. Tax proceeds are to be remitted to the state treasury and deposited into the TOPS Fund, to be used to fully fund the program, and any remaining amount is to be used to support the Go Grant Program. These avails are not to supplant general fund appropriations in FY20.

Applicable to any taxable period beginning on or after January 1, 2018.

Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$233,000,000	\$233,000,000	\$233,000,000	\$233,000,000	\$932,000,000
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	\$0	\$233,000,000	\$233,000,000	\$233,000,000	\$233,000,000	\$932,000,000

EXPENDITURE EXPLANATION

While some additional administrative costs may be incurred to collect and remit this levy, local ad valorem tax collectors already collect and remit numerous local levies to numerous local entities. Collection and remittance of an additional statewide levy does not seem likely to materially increase administrative costs.

REVENUE EXPLANATION

Based on total assessed value, with all exemptions in place, reported in the LA Tax Commission 2016 Annual Report, a 5.75 mill levy would generate approximately \$233 million. The bill makes the levy applicable to tax year 2018. This implies January 1, 2018 valuations would be subject to the tax, payable in December of 2018. This would make the proceeds of the tax first available for FY19, although the bill seems to contemplate an initial availability for FY20 (based on the non-supplanting language).

These proceeds are to be deposited into the TOPS fund to fully support that program's requirements, with any excess to be available for the GO Grant Program.

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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