
DIGEST

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HB 382 Original

2018 Regular Session

Connick

Abstract: Various revisions concerning the La. Tax Commission's appraisal of public service properties for purposes of property tax, including requirements for an audit program, apportionment of property among parishes, capitalization rates used in valuations, and record retention.

Present constitution and present law require that the La. Tax Commission (commission) assess public service properties for purposes of property tax. Public service properties include airlines, barge lines, electric companies, transportation companies, gas companies, insurance companies, and financial institutions.

Present law provides for procedures for the annual self-reporting of information by public service companies.

Proposed law retains present law and adds a requirement for the commission to establish a risk-based audit program to verify the accuracy of self-reported information.

Present law requires the commission to annually appraise each public service company by September 1st, based on the self-reported information. The commission uses the following techniques to appraise the fair market value of these properties: market approach, cost approach, and income approach. All public service properties of the same nature and kind shall be appraised in the same manner.

Proposed law retains present law and adds a requirement that use of the income approach shall include an accounting for expected future income growth. Further adds a requirement for the commission to establish by administrative rule, minimum standards for procedures, methods, and formulas to be used in appraisals. Proposed law requires that the commission maintain within its record for each appraisal, the rationale for the determination of the appraisal approach utilized in each valuation.

Proposed law requires that at least every three years, beginning in 2019, the commission conduct a capitalization rate study for each type of public service property for which it is responsible for appraisal. The commission is required to annually establish the capitalization rates and growth rates that it may use with the various capitalization rate approaches it may use prospectively in its appraisals at the same time as the commission issues rules for the minimum assessment standards for the assessors.

Present law establishes specific factors to be used in the allocation of assessed value of public service properties which involve property used both inside and outside of La. The commission has discretion to utilize specific factors as it deems appropriate.

Proposed law retains present law and requires that the commission retain in its record of each appraisal the analysis used to make a determination to use certain factors in favor of other factors.

Proposed law requires that the method of allocation of value of property of a company that provides and transmits electricity or natural gas utility service shall be uniform throughout the state.

Proposed law requires that the legislative auditor develop a schedule to conduct performance audits of the appraisal methods used by the commission in valuation of public service properties and to provide a report to the legislature approximately every three years, beginning 2019 through 2030.

(Amends R.S. 47:1853 and 1855(E) and (G); Adds R.S. 47:1852(F) and 1855(I))