

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 155** HLS 18RS 581
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 15, 2018 2:48 PM	Author: STOKES
Dept./Agy.: Tax Commission	Analyst: Benjamin Vincent
Subject: Increases Tax Commission assessment fees	

TAX COMMISSION, STATE OR +\$720,000 SD RV See Note Page 1 of 1
 Increases the fees levied by the La. Tax Commission for assessment of certain properties

Current law authorizes a Tax Commission fee for the assessment of public service properties of 0.0004% of the assessed value to be paid by the public service paying the ad valorem tax. The fee is authorized on an interim basis, and is set to sunset on June 30, 2018. The authorization for this fee has been renewed routinely since 1993. Current law also authorizes a fee of 0.0015% on insurance companies and financial institutions that pay the ad valorem tax. Current law dedicates these fee collections to the Tax Commission Expense Fund, which partially funds the operations of the Tax Commission.

Proposed law changes the interim sunset date for public service property assessments from June 30, 2018 to June 30, 2022, and increases the fee from 0.0004% to 0.0005% of the assessed value beginning July 1, 2018. Proposed law also increases the assessment on insurance companies and financial institutions from 0.00015% to 0.0003%. Effective July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$720,000	\$720,000	\$720,000	\$720,000	\$0	\$2,880,000
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	\$720,000	\$720,000	\$720,000	\$720,000	\$0	\$2,880,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Relative to FY18, proposed law increases the authorized assessment fee for public service properties, insurance companies, and financial institutions for FY19 through FY22. The total revenue impact of proposed law is an increase to statutory dedication revenues of approximately \$720,000, for all years for which the fee is authorized, although some amount less than this may be budgeted.

For public service properties, proposed law increases the assessment fee from 0.0004% to 0.0005% in FY19-FY22, relative to the FY18 rate. LFO assumes that recent annual growth trends in the assessed value of public service property statewide will remain steady. Under this assumption, the increased fee is expected to result in approximately \$600,000 in additional revenues from public service property assessment fees for FY19 through FY22.

For insurance companies and financial institutions, proposed law increases the assessment fee from 0.00015% to 0.0003% in FY19-FY22, relative to the FY18 rate. LFO assumes that recent annual growth trends in the assessed value of these properties statewide will remain steady. Under this assumption, the increased fee is expected to result in approximately \$120,000 in additional revenues from insurance companies and financial institutions for FY19 through FY22.

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}

Gregory V. Albrecht
 Chief Economist