

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 463** HLS 18RS 776

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 26, 2018 6:03 PM	Author: LEGER
Dept./Agy.: Local Governments / La Tax Commission	Analyst: Greg Albrecht
Subject: Phase-In Residential Property Reappraisal Increases	

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Phases-in increases in property tax after statewide reappraisals under certain circumstances

Present constitution requires all property to be reappraised and valued at intervals of not more than four years.

Proposed constitutional amendment provides an even three-year phase-in for assessed value increases of property resulting from reappraisals, if the assessed value of the property increases by more than 15%. This phase-in does not apply to valuation increases attributable to construction on or improvements to property. The decrease in total ad valorem tax collections resulting from this phase-in shall be absorbed by the affected taxing authorities and shall not create any additional tax liability for other taxpayers.

To be submitted to the electors at the statewide election to be held on November 6, 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	\$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

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

REVENUE EXPLANATION

The bill phases in property tax increases for all properties that experience more than a 15% increase in assessed value from general reappraisals by phasing in the assessed valuation increase evenly over the subsequent three years. In these circumstances, local tax recipient bodies are negatively affected by the bill's provision that prohibits subsequent reappraisals or millage adjustments that would normally shift tax burdens such that total ad valorem tax collections were unaffected.

According to the La Tax Commission, a greater than 15% assessment increase over a four-year period can be likely to occur. Thus, widespread effectiveness of this bill's provisions may occur relatively frequently, especially under circumstances where assessments may be catching up from under-valuation associated with previous reappraisals. In those cases, the provisions of this bill would be effective, resulting in a phased-in assessment increase and a restriction on millage adjustments.

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}

John D. Carpenter
Legislative Fiscal Officer