



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **HB 430** HLS 20RS 158
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|---|--------------------------------|
| Date: April 27, 2020 5:24 PM | Author: WILLARD |
| Dept./Agy.: Orleans Parish Taxing Authorities | Analyst: Steven Kraemer |
| Subject: Limit on Residential Property Reappraisal Increases | |

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV Page 1 of 1
 (Constitutional Amendment) Limits the amount of the increase in the assessed value of certain immovable property in Orleans Parish following reassessment of property for purposes of ad valorem taxes

Purpose of Bill: This bill limits the increase in the reappraised value of residential property subject to homestead exemption in Orleans Parish to 10% of the property's assessed value in the previous year.

The loss of potential property tax revenue resulting from this limit will be absorbed by the affected taxing authorities without creating additional tax liability for other taxpayers. This limit does not apply to valuation increases attributable to transfer or conveyance of ownership of the property nor to increases attributable to construction or improvements to the property.

This proposed Constitutional Amendment is to be submitted to the electors at the statewide election to be held on November 3, 2020.

| EXPENDITURES | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> | <u>5 -YEAR TOTAL</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| 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> | <u>\$0</u> |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> | <u>5 -YEAR TOTAL</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| 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 | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

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

According to an official with Orleans Parish Assessor's Office, this bill will not significantly impact the expenditures of his office.

The election on November 3, 2020, is a statewide election. The addition of constitutional amendments will not increase election costs as the Secretary of State routinely budgets for the cost of constitutional amendments for statewide primary and general elections.

REVENUE EXPLANATION

This bill is not expected to decrease overall local government ad valorem tax revenue, but the bill may decrease the rate at which this revenue grows in future reappraisal years.

According to an official with Orleans Parish Assessor's Office, this bill limits the revenue growth for all tax recipient agencies in Orleans Parish that are funded by ad valorem taxes. This official stated that, for the 2020 tax year, there were approximately 13,500 properties in Orleans Parish subject to the homestead exemption that had an appraised value of more than 10% over the previous year's appraised value.

Senate
 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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