



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 241** SLS 22RS 437
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 7, 2022 8:31 AM **Author:** ALLAIN
Dept./Agy.: Tax Commission **Analyst:** Deborah Vivien
Subject: Allows non-cash alternatives for AVT payments under protest

TAX/TAXATION EN SEE FISC NOTE LF RV See Note Page 1 of 1
 Provides for alternatives in lieu of payment under protest for certain ad valorem taxes. (8/1/22)

Current law mandates that an ad valorem taxpayer make a payment under protest of the amount of taxes in dispute when filing a legality challenge with the Board of Tax Appeals (BTA) or District Court. Filing an appeal of a Board of Review assessment with the Tax Commission (LTC) concerning the correctness of the assessment does not require a payment under protest, though a taxpayer may still pay under protest. A payment under protest is held in escrow by the local tax collector until the dispute is resolved.

Proposed law clarifies that the LTC will consider a taxpayer's appeal of correctness of a Board of Review assessment without payment under protest. Claims of clerical errors and certain public service property disputes will be determined by LTC within 60 days. Proposed law also allows the taxpayer to pledge a bond or other security in lieu of a cash payment under protest, the reasonableness of which is determined by the District Court or BTA, along with right to sue. The District Court or BTA may order an additional payment under protest to reach reasonable security. Effective upon signature and for all cases pending BTA on effective date.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	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						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	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
 Any additional resources required by courts or local collectors for security compliance and validation or liquidation upon judgment are indeterminate. The responsibility would presumably fall upon the court in which the case is filed. There are no provisions for payment of these potential expenses in the bill. It is also indeterminate whether removing the cash requirement to proceed with a legality dispute will allow more taxpayers to dispute a tax bill instead of it reverting to tax sale, which could also impact the timing and amount of local revenue.

REVENUE EXPLANATION
 The bill impacts the amount of cash payments under protest at the local level by allowing a bond or other security to be posted with the filing of a timely dispute with Tax Commission, Board of Tax Appeals or District Court, whether related to the assessment or amount of the tax. However, the bill states that disputes with the LA Tax Commission concerning the correctness of the tax will not require payment under protest or a security pledge.

Currently, payments under protest are paid in cash in the amount of the disputed tax and are held in escrow separate from local revenue by the tax collector. If the final determination affirms the tax liability, the funds are then deposited for use by the appropriate taxing authorities. Otherwise, the funds are returned to the taxpayer. This bill appears to continue to allow cash payments under protest in the same manner but also authorizes alternative payments to presumably be filed with the court, including bonds, pledge, collateral assignment, lien, mortgage, factoring of accounts receivable or other asset encumbrances.

The extent to which securities would require liquidation in order to satisfy a tax settlement could impact the timing of the dollars made available to local taxing authorities compared to cash payments under current law. Removing the cash requirement to proceed with a dispute may allow more taxpayers to challenge a tax bill instead of reverting to tax sale, which could also impact the timing and amount of local revenue.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	<p><i>Alan M. Boxberger</i></p> <hr/> <p>Alan M. Boxberger Interim Legislative Fiscal Officer</p>
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