



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **SB 193** SLS 23RS 393
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 19, 2023	5:21 PM	Author: CATHEY
Dept./Agy.: Parishes		Analyst: Sarah Futch
Subject: Property Taxes on Certain Movable Property		

TAX/AD VALOREM OR SEE FISC NOTE LF RV Page 1 of 1
 Provides relative to the allocation of ad valorem tax assessed values of certain property. (gov sig)

Purpose of the Bill: This bill requires East Baton Rouge Parish (EBR) to remit/redistribute property taxes annually to other parishes that were collected on certain movable property owned or used in Louisiana by companies that are not residents, domiciled in, or have an agent/office in Louisiana. The remittance amount will depend on the ratio of railroad track miles owned by these companies in each parish to the total railroad track miles they own in the state. EBR will retain up to 1% of these taxes for actual expenses.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures for EBR related to remitting the property taxes to other parishes.

This bill requires EBR to redistribute a portion of its annual property tax revenue to other parishes that have railroad tracks, proportionate to the ratio of track miles in each parish. According to information from the Louisiana Department of Transportation and Development (DOTD), there are 56 parishes, including EBR, with railroad tracks. EBR's expenditures may increase as it redistributes the property taxes to the other 55 parishes that have railroad tracks each year. However, EBR was unable to provide a definite expenditure increase figure at this time.

The bill mandates the Louisiana Tax Commission to provide EBR with the ratio of track miles in each parish to facilitate the redistribution process. The Commission indicated that it does not expect any impact on its expenditures, as it plans to use its existing resources to fulfill the requirements of the bill.

REVENUE EXPLANATION

This bill is not expected to increase or decrease overall/net local government revenue, as the bill only redistributes existing revenue. However, EBR's revenue is expected to decrease by approximately \$7.5 million, while the total combined revenue for the 55 other parishes is expected to increase by this amount. Information from the Louisiana Tax Commission and the EBR Tax Assessor indicates that the parish collected \$7.7 million in revenue in 2022 from property tax assessments covered in the bill. Based on this information and railroad track data from DOTD, and assuming that future property tax assessments will be similar to those in 2022, we estimate the bill's potential impact on governmental revenue to be as follows:

EBR: EBR may retain up to \$258,000 in property taxes annually, comprised of \$181,000 for its 2.36% share of all railroad track miles in the state and up to \$77,000 for incurred expenses related to redistributing the property taxes. This would result in a \$7.5 million revenue decrease for EBR. Currently, 45% of this revenue is received by the EBR Parish School Board; 16% is received by the EBR Sheriff's Office; 15% is received by the Recreation and Park Commission for the Parish of East Baton Rouge (BREC); 2% is received by EBR Mosquito Abatement; 1% is received by the EBR Assessor's Salary and Expense Fund; and the remaining 21% is retained by the City-Parish for the parish government, parish library, EMS, and passed through to the Council on Aging and Mental Health Crisis Center.

Other 55 Parishes: The revenue for the other 55 parishes that have railroad tracks is expected to increase by a combined total of \$7.5 million, with individual increases ranging from \$2,000 for East Feliciana Parish to \$403,000 for Caddo Parish.

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| <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>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> |
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