

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 217** HLS 26RS 390
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 6, 2026 10:42 AM	Author: HENRY, CHANCE
Dept./Agy.: Tax Commission and Local Governments	Analyst: Garrett Ordner
Subject: Tax Exemption for Rehabilitated Blighted/Derelict Property	

TAX/AD VALOREM-EXEMPTION OR SEE FISC NOTE LF RV Page 1 of 1
 Authorizes an optional property tax exemption for blighted or derelict properties that have been rehabilitated

Proposed law provides for the implementation of an optional ad valorem tax exemption for blighted or derelict property that has been rehabilitated. Proposed law provides definitions of blighted and derelict property. Proposed law provides that parish governments may, by resolution, implement the tax exemption and provides a list of policies and procedures that must be established by parish governments who choose to implement the exemption. Proposed law provides that for residential property, not more than 75% of the assessed value of the property may be exempted from ad valorem taxation for a period not exceeding twenty years. Proposed law provides that for a tract or lot of unimproved land, not more than 25% of the assessed value of the property may be exempted from ad valorem taxation for a period not exceeding ten years. In order to qualify for the exemption, proposed law specifies that a tract or lot of unimproved land shall be adjacent to a tract or lot upon which a residential or commercial structure is situated, and that no property owner may be granted exemptions for more than two tracts or lots of unimproved land. Proposed law applies to tax years beginning on or after January 1, 2027, and is contingent on approval of the constitutional amendment contained in HB 214 of the 2026 RS.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	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	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Implementation of the exemption will require local tax system adjustments for processing the new exemption, but the cost is not expected to be significant.

REVENUE EXPLANATION

The impact of the proposed exemption on local property tax revenues is indeterminable and will depend on the extent to which parishes adopt the exemption, the extent to which the proposed exemption causes an increase in rehabilitation of blighted or derelict property, and the magnitude of the subsequent change in property values following rehabilitation.

Proposed law provides that for residential property, not more than 75% of the assessed value of the property may be exempted from ad valorem taxation for a period not exceeding twenty years, and that for a tract or lot of unimproved land, not more than 25% of the assessed value of the property may be exempted from ad valorem taxation for a period not exceeding ten years. Assessors do not currently determine or enumerate which properties are derelict or blighted, so it is infeasible to provide an estimate of how many properties would qualify for the proposed exemption.

Because blighted and derelict property values are generally low, revenue impacts would be felt primarily in the form of foregone revenue on the increase in property value pursuant to rehabilitation.

Note that the Louisiana constitution requires parish assessors to reappraise and value property at least every four years, and millages are subsequently adjusted to maintain tax revenues consistent with the prior year despite changes to the tax base. If a parish assessor were to reappraise and value property upon implementation of this exemption, and millages were subsequently adjusted upward, the revenue impacts of the exemption would be borne by the taxpayers rather than being absorbed by the taxing authority.

A significant change in local property tax collections may impact the local effort included in the Minimum Foundation Program (MFP) formula calculation, but any resulting impacts on state MFP funding allocations are indeterminable.

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}

Alan M. Boxberger
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Legislative Fiscal Officer