OFFIC	E OF LEGISLATIVE AUDITOR Fiscal Note					
	Fiscal Note On: HB 162 HLS 13RS 284					
A BELLE	Bill Text Version: ORIGINAL					
 Auditoris 	Opp. Chamb. Action:					
	Proposed Amd.:					
FINCHUN (H25-	Sub. Bill For.:					
Date: April 19, 2013 11:44	AM Author: PEARSON					
ept./Agy.: Local Taxing Authorities						
Subject: Ad Valorem Taxes	Valorem Taxes Analyst: Theresa Chatelain					

TAX/AD VALOREM TAX

OR SEE FISC NOTE LF RV

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(Constitutional Amendment) Provides with respect to maximum authorized millage rates and provisions authorizing increases in certain millage rates without voter approval.

Purpose of Bill: Currently, the Constitution provides that the total tax collected shall not increase or decrease because of a change in the assessed value; therefore, a decrease or increase in the assessed value will increase or decrease the millage rate to retain the same total tax. There are certain instances in which the millage rate can be raised above the rate set forth at reassessment, to the prior year's maximum, commonly referred to as "roll-forward". The roll-forward rate can be levied in any year before the next reassessment.

This measure allows the taxing body to roll forward using millage rates established in the last ten years. This measure also provides that the public notice required to increase the millage rate to the prescribed maximum must be published and advertised between sixty and thirty days before the date of the public hearing. Additionally, it provides that the legislature shall prescribe the requirements for the scheduling, time, and place of the public hearing.

EXPENDITURES	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</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						
REVENUES	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</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

The effect on local government expenditures is indeterminable as a result of this measure.

If the legislature prescribed additional scheduling requirements, this could increase expenditures for the taxing authority. For example, if the legislature required additional meetings and notification processes related to millage increases (as provided for in this bill), there could be additional administrative costs incurred by the taxing bodies.

REVENUE EXPLANATION

The effect on local government revenues is indeterminable as a result of this measure.

House

Current law allows taxing bodies to roll forward using the prior year's maximum millage rate (year prior to reassessment). If they do not roll forward to the maximum rate established in the prior year, that rate is "lost" and cannot be used again. According to an official at the Legislative Auditor, in periods of increasing assessments, local revenues may increase if taxing bodies are allowed (by this bill) to roll forward to millages established over the last ten years that are higher than the millage established in the prior year. Local revenues could decrease if taxing authorities defer levying an increased millage rate during the proposed 10-year period.

In periods of decreasing assessments, the proposed legislation may not have a fiscal impact, because roll-forward provisions do not apply when assessments decrease.

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}

6.8(F) >= \$500,000 Annual Fiscal Cost {S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Joy Irwin **Director of Advisory Services**