



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 576** HLS 13RS 392

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 26, 2013	5:05 PM	Author: BROADWATER
Dept./Agy.:		
Subject: Property Tax / Higher Education Improvement District		Analyst: Greg Albrecht

DISTRICTS/TAXING

OR +\$180,000,000 SD RV See Note

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Creates a special taxing district to provide a supplemental means of financing higher education

Proposed law creates the Higher Education Improvement District, coterminous with the boundaries of the state, to aid each public postsecondary education institution in the state by establishing an additional revenue source for academic programs. The district is governed by a five member board representing the Board of Regents and the four higher education systems. The district is authorized to levy an ad valorem tax up to 5 mills, subject to voter approval. The board can contract with parish tax collectors for efficient collection of the tax, and establish an account for deposit of tax proceeds. Tax receipts shall be deposited to each postsecondary public institution based on a formula primarily based on the number of students and full-time equivalents at each institution. All monies received are to be used solely for enhancement of academic programs, and shall not support non-teaching staff, coaches, administrative personnel, buildings & grounds, or sports programs. These monies shall not supplant any existing means-of-finance.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	INCREASE	INCREASE	INCREASE	\$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

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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	\$180,000,000	\$180,000,000	\$180,000,000	\$540,000,000
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	\$180,000,000	\$180,000,000	\$180,000,000	\$540,000,000

EXPENDITURE EXPLANATION

Board members of the district are to serve without salary or per diem, and other expenses incurred by them are to be paid by the governing body whom they each represent. The district is allowed to hire an executive director, and to contract with consultants for services as it may require, as well as establish and maintain an account for receipt of and disbursement of the district’s tax. In addition, it may also enter into agreements with parish tax collectors to efficiently collect the tax.

The bill requires voter approval of the tax at an election called for such a purpose. However, the bill’s levy could be proposed at the next statewide election scheduled in the fall of 2014, where the ballot is already funded for a number of statewide ballots, as a matter of course. In this case, the levy would presumably be effective for the 2015 tax year, be collected in December of 2015, and be available for disbursement in the second half of FY16.

REVENUE EXPLANATION

Based on assessed value information compiled by the LA Tax Commission (2012 Annual Report), a 5 mill statewide property tax would generate some \$180 million. Since the bill subjects the levy to the “limitations and prohibitions of the Constitution of Louisiana”, this estimate assumes that the homestead exemption is applicable with respect to this levy. Without the homestead exemption, the bill’s authorized levy would generate some \$215 million. Collections available distribution to higher education institutions would be somewhat less, dependent upon the cost of collections agreements with local tax collectors, and administrative costs of the district.

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Senate	Dual Referral Rules	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer