

**LEGISLATIVE FISCAL OFFICE**  
Fiscal Note



Fiscal Note On: **HB 514** HLS 13RS 570

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 28, 2013 1:42 PM	<b>Author:</b> KLECKLEY
<b>Dept./Agy.:</b> LA Tax Commission / Local Government	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Property Tax: Phase In Certain Assessed Value Increases	

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV Page 1 of 1  
(Constitutional Amendment) Limits increases in ad valorem taxation under certain circumstances

Current law requires all property subject to taxation to be reappraised and valued at intervals of not more than four years. Types of property are generally rotated through four-year schedules of reappraisal to meet the requirement.

Proposed law would require a three-year phase-in of increased assessed value when a reappraisal resulted in an increase in assessed value greater than 15%. No subsequent reappraisal would be allowed until after the three-year phase-in was complete.

To be submitted at the statewide election on November 4, 2014.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>				<b>\$0</b>


**EXPENDITURE EXPLANATION**

Local assessors may experience some additional administrative costs associated with adjusting assessed values of properties affected by the bill over a three year period. Affected properties will have to be identified and adjusted each year separately from all other unaffected properties.

**REVENUE EXPLANATION**

When looking at aggregate assessed values, a 15% increase in any year is not typical (4% - 5% typical). However, in reviewing Tax Commission annual reports for the last few years, large total assessment increases are not impossible (10% in 2007 and 14% in 2008). Years with relatively large increases in total assessments are more likely to result in particular property assessments exceeding the 15% threshold provided by the bill. In addition, even in more typical years, there can always be particular areas and properties experiencing relatively high value growth, and exceeding the bill's increase threshold. Thus, while it may not be typical for a large number of properties to be affected by this bill, it is likely that there will be some particular properties affected around the state each year. The effect of the bill can only be to slow the growth in property tax bases.

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|---|--|--------------|
| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u> |
| <input 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 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**