

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 30, 2013 7:25 PM	Author: KLECKLEY
Dept./Agy.: LA Tax Commission / Local Government	Analyst: Greg Albrecht
Subject: Property Tax: Phase In Certain Assessed Value Increases	

TAX/AD VALOREM TAX EG SEE FISC NOTE LF RV See Note 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, but the phased-in increased valuation shall be included in subsequent reappraisals and millage adjustments. Forgone tax collections due to this phase-in process shall be absorbed by the taxing authorities and not shifted to other properties. These provisions shall not apply to the extent the appraisal increase was due to construction on or improvements to property. To be submitted at the statewide election on November 4, 2014.

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	\$0	\$0	\$0	\$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>	\$0
Annual Total	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0


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 is to slow the growth in property tax bases and collections.

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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