

## OFFICE OF LEGISLATIVE AUDITOR **Fiscal Note**

Fiscal Note On: HB **162** HLS 13RS

Bill Text Version: RE-REENGROSSED

Opp. Chamb. Action: Proposed Amd .:

Sub. Bill For .:

**Date:** May 16, 2013 10:22 AM

increases in certain millage rates without voter approval

**Author: PEARSON** 

**Dept./Agy.:** Local Taxing Authorities

**Analyst:** Theresa Chatelain **Subject:** Ad Valorem Taxes

TAX/AD VALOREM TAX RR SEE FISC NOTE LF RV See Note (Constitutional Amendment) Provides with respect to maximum authorized millage rates and provisions authorizing

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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>	<b>5 -YEAR TOTAL</b>
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						
REVENUES	2013-14	<u> 2014-15</u>	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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.

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.

<u>Senate</u>	<u>Dual Referral Rules</u>	House } ☐ 6.8(E) >=	: \$500,000 Annual Fiscal Cost {S}	Jaked.	~~ <b>~</b>
13.5.2 >= \$50	00,000 Annual Tax or Fee	_	= \$500,000 Tax or Fee Increase or a Net Fee Decrease {\$}	Joy Irwin Director of Advisory	Services