
DIGEST

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Pearson

HB No. 420

Abstract: Requires that all benefits and burdens of ownership of certain low-income housing property be included in the calculation of anticipated net income used in the valuation of such property for purposes of ad valorem tax assessment.

Present constitution requires the assessment of property for purposes of ad valorem taxation. The assessed value of a property is based on a percentage of the property's fair market value.

Present law requires that uniform criteria be used by assessors in the determination of fair market value for real and personal property. Fair market value is determined by using the following generally recognized appraisal procedures: the market approach, the cost approach, and/or the income approach.

Present law requires that in using the income approach, an assessor shall use an appraisal technique in which the anticipated net income is processed to indicate the capital amount of the investment which produces the net income.

Proposed law retains present law but specifies that the anticipated net income is "capitalized" rather than "processed".

Proposed law requires that all benefits and burdens of ownership be reflected in the calculation of anticipated net income for purposes of determining the value of low-income housing property. Benefits shall include federal income tax credits available under federal law; below market interest rate on financing obtained under the Homes Investment Partnership Program under the Cranston-Gonzales National Affordable Housing Act or the Federal Home Loan Bank Affordable Housing Program established pursuant to federal law; or, any other federal, state, or similar program intended to provide low-income housing with restricted occupancy and rental rates.

Effective Jan. 1, 2015.

(Amends R.S. 47:2323(C)(3); Adds R.S. 47:2323(E))