

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 420** HLS 14RS 307

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 2, 2014	3:00 PM	<b>Author:</b> PEARSON
<b>Dept./Agy.:</b> LA Tax Commission / Local Assessors		
<b>Subject:</b> Ad Valorem Tax - Fair Market Value of Low-Income Housing		<b>Analyst:</b> Greg Albrecht

TAX/AD VALOREM TAX Page 1 of 1  
OR SEE FISC NOTE LF RV  
Establishes criteria for valuation of low-income housing property for purposes of assessment of ad valorem taxes

Current law requires the fair market value of real and personal property to be determined using generally recognized appraisal procedures of the market approach, the cost approach, and the income approach.

Proposed law requires all benefits and burdens of ownership to be reflected in the calculation of anticipated net income when determining the fair market value of low-income housing property. Benefits are to include the value of federal or state support such as federal income tax credits and below market interest rates to low-income housing property.

Effective January 1, 2015.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></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>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</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	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>


**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The bill appears to require the value of tax credits, preferential financing, and any other benefits to be capitalized into the fair market value of low-income housing property. To the extent this is done, the value of these properties for ad valorem taxation purposes will be greater, and the amount of tax liability and payments associated with these properties will be greater. Aggregate tax receipts in any particular locale may not be affected though, as millage adjustments may offset the rise in assessed values. In those cases, a redistribution of tax burdens will occur, with more tax from these properties and less tax from all other properties. The aggregate value of such property and the amount of capitalized benefit is not known. The distribution of such properties is likely concentrated within metropolitan areas of the state as is resident population.

- |   |                            |              |  |
|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & 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**