



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: HB 473 HLS 15RS 41
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 14, 2015 3:34 PM Author: HAVARD
Dept./Agy.: Louisiana Tax Commission
Subject: Authority to protest assessed value of certain properties Analyst: Robbie Robinson

TAX/PROPERTY OR INCREASE GF EX See Note Page 1 of 1

Authorizes certain parties to protest the assessed valuation of certain public service property for purposes of ad valorem property tax

Purpose of Bill: This measure extends the authority to protest the assessed valuation of certain public service properties to an assessor affected by the assessment. Currently the Louisiana Tax Commission (LTC) is required to give notice of the initial determination of the assessed valuation in writing to the company. This measure requires that the assessor shall also receive the notice by first class mail. The assessor will also be able to protest the notice of initial determination and the LTC will be required to provide copies of working documents to the protesting party within 30 days of the protest. The LTC shall grant a full and complete hearing to the protesting party in event that a protest is filed. Any party filing suit must ensure that the taxpayer is also made a party to the suit. This measure limits the authority of the assessor to object to an initial determination of assessed valuation of property by the LTC from extending to assessment for property owned by telegraph, telephone, and telecommunication companies.

Table with 7 columns: EXPENDITURES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may result in an indeterminable increase in state general fund and local government expenditures. The exact fiscal impact of the passage of this legislation is indeterminable because the following factors are unknown at this time: (1) costs of responding to inquiries from assessors resulting from the notices sent out by the LTC; (2) the number of assessors who will file protests of the initial determination of public service property assessed by the LTC; (3) the number of working documents LTC will have to provide to the protesting parties when an assessor objects to an initial determination of the assessed valuation; (4) the number, extent, and cost of hearing processes provided by the LTC and those cases that may reach higher courts (e.g., District Court). We have concluded that if queries from notices and protests are not extensive in number, costs could be minimal. However, if notice queries, protests, and related protest work tasks are extensive in number, costs could be significant.

Although we are not comfortable with providing specific costs resulting from the bill (based on the uncertainty of the factors explained above), we present the following estimates from the LTC: LTC estimated that there are 640 public service properties, which on the average are allocated to 15 parishes, requiring 9,600 notices. To provide initial determination of the assessed valuation to the assessor, it is estimated that the costs for sending 9,600 notices will be \$5,400 for postage and materials. An LTC Official estimates that postage, material, programming, appraiser and administrative/clerical time would result in incremental costs of \$100 per notice, or approximately \$960,000 if 9,600 notices are required. The LTC Official also estimates that to provide meaningful explanations of how the LTC allocated the total value of public service properties to each parish would disrupt the current time frame the LTC has in place to perform its allocations and to meet statutory deadlines for getting information to the local assessors. The LTC Official estimated that the LTC would require four additional entry level appraiser positions [salary and benefits of \$260,000 (4 x \$65,000)]. The total impact of the costs of litigating a protest through the LTC hearing process and possibly district court is indeterminable at this time. Expenditures of both the local assessor and the LTC may increase due to litigation. The LTC Official provided that the legal fees, costs, expert witness fees, and staff time was approximately \$150,000 in Gisclair v Louisiana Tax Commission, in which the Supreme Court of Louisiana addressed a local assessor's challenge of the LTC valuation of a public service property.

REVENUE EXPLANATION

This bill may result in an indeterminable increase in local government revenues as a result of this measure. If a local assessor is successful in protesting the assessed valuation of public service properties, there may be an increase in local government revenues.

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
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