
DIGEST

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HB 610 Engrossed

2016 Regular Session

Abraham

Abstract: Prohibits the consideration of the value of federal low income housing tax credits or special financing assistance in the determination of the fair market value of certain residential housing units for purposes of property tax assessment.

Present law establishes the criteria to be used by assessors in determining the fair market value of real and personal property, so that assessments may be made uniformly throughout the state. The fair market value of property shall be determined by following generally recognized appraisal procedures, specifically: 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 for purposes of the income approach the anticipated net income is "capitalized" rather than "processed".

Proposed law adds additional criteria concerning the determination of value of residential housing unit property, the operation of which is subject to requirements of Section 42 of the Internal Revenue Code or any similar federal or state program.

Proposed law prohibits the consideration of any value of federal or state tax credits or special financing terms as a component of the property value or as income to the property, including but not limited to: 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, and any other federal, state, or similar program intended to provide low-income housing with restricted occupancy and rental rates.

Effective January 1, 2017.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the treatment of anticipated net income for purposes of the income approach for valuation.
2. Add specific references for the special financing terms, tax credits, and other benefits which shall not be considered in the valuation of affordable rental housing.