

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 356** HLS 18RS 475

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 26, 2018 4:04 PM	Author: IVEY
Dept./Agy.: Local Government / La Tax Commission	Analyst: Greg Albrecht
Subject: Ad Valorem Tax Assessment Ratios	

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV See Note Page 1 of 1
Provides for the classification of and applicable fair market value percentages for property subject to ad valorem taxation

Present constitution classifies property subject to ad valorem taxation and establishes assessment ratios applied to fair market value to establish the assessed value tax base for ad valorem taxation (Land 10%, Residential Improvements 10%, Electric Co-Ops 15%, Public Service Property 25%, Other Property 15%). These classifications and ratios are not currently contained in statutory law.

Proposed law inserts these same classifications and ratios into statutory law.

Contingent upon adoption of the constitutional amendment contained in HB 353 of this session, to be submitted to the electors at the statewide election to be held on November 6, 2018.. That proposed amendment deletes these classifications and ratios from the State Constitution.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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

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

REVENUE EXPLANATION

This bill, in its original version, inserts into law the same classifications and assessment ratios as are found in the current State Constitution. To the extent this bill's provisions are identical to the present constitutional provisions, the insertion of these provisions does not change the ad valorem tax base or tax collections.

However, while this bill is contingent upon adoption of the proposed constitutional amendment contained in HB 353 of this session (which deletes these provisions from the constitution), should these statutory replacement provisions be enacted different from current law, the ad valorem tax base and collections would differ from the base and collections under current law after the first year of enactment. The dollar effect of any such differing provisions is speculative.

A one year delay occurs in the discussion above because the proposed constitutional amendment in HB 353 requires millage adjustments that prohibit local ad valorem tax collections from changing as a result of the replacement provisions, for one tax year after enactment of those provisions. After that, the effect of the replacement provisions on the ad valorem tax base and collections would be allowed.

Senate
Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer