

2021 Regular Session

SENATE BILL NO. 165

BY SENATOR SMITH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/AD VALOREM. Provides for the adjustments of ad valorem millages. (See Act)

1 AN ACT

2 To amend and reenact R.S. 47:1705(B)(1)(a) and (b)(i), relative to adjustments of ad
3 valorem millages; to provide for the retention of maximum authorized millage rates;
4 and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:1705(B)(1)(a) and (b)(i) are hereby amended and reenacted to
7 read as follows:

8 §1705. Information supplied to assessor and legislative auditor by tax recipient
9 agencies; additional notices

10 * * *

11 B.(1)(a)(i) **Beginning in the 2023 ad valorem tax year,** For any taxing
12 authority with a governing authority membership ~~which~~ **that** is elected by the voters,
13 increases in the millage rate in excess of the rates established as provided by Article
14 VII, Section 23(B) of the Constitution of Louisiana, but not in excess of ~~the prior~~
15 ~~year's maximum authorized millage rate~~ **the maximum authorized millage rate**
16 **authorized by the constitution and approved by the taxing authority until the**
17 **authorized millage rate expires and** may be levied by two-thirds vote of the total

1 membership of a taxing authority without further voter approval but only after a
 2 public hearing held in accordance with the open meetings law. Maximum millage
 3 rates not levied by a taxing authority prior to the 2020 reassessment year, or the
 4 2019 reassessment year for Orleans Parish, shall be permanently reduced to the
 5 adjusted maximum millage rate established for the 2021 ad valorem tax year or
 6 the 2020 ad valorem tax year in Orleans Parish.

7 (ii) If an immediate subsequent reassessment has an increased taxable
 8 value, the adjusted maximum millage rate shall be decreased to the original
 9 authorized maximum millage rate provided by the constitution and approved
 10 by the taxing authority.

11 (b)(i)(aa) Beginning in the 2023 ad valorem tax year, any Any taxing
 12 authority with a governing authority membership ~~which~~ that is not elected by the
 13 voters may increase a millage rate in excess of the rates established as provided in
 14 Article VII, Section 23(B) of the Constitution of Louisiana, but not in excess of ~~the~~
 15 ~~prior year's maximum authorized millage rate~~ the maximum authorized millage
 16 rate authorized by the constitution and approved by the taxing authority until
 17 the authorized millage rate expires. Such increased millage shall also be limited
 18 to an amount which would increase the ad valorem taxes collected by the taxing
 19 authority by no more than two and one-half percent of the collections for the
 20 calendar year immediately preceding the year for which the increased millage rate
 21 is effective. Maximum millage rates not levied by a taxing authority prior to the
 22 2020 reassessment year, or the 2019 reassessment year for Orleans Parish, shall
 23 be permanently reduced to the adjusted maximum millage rate established for
 24 the 2021 ad valorem tax year or the 2020 ad valorem tax year in Orleans Parish.

25 (bb) If an immediate subsequent reassessment has an increased taxable
 26 value, the adjusted maximum millage rate shall be decreased to the original
 27 authorized maximum millage rate provided by the constitution and approved
 28 by the taxing authority.

29 * * *

1 Section 2. This Act shall take effect and become operative if and when the proposed
 2 amendment of Article 7, Section 23(C) of the Constitution of Louisiana contained in the Act
 3 which originated as Senate Bill No. 154 of this 2021 Regular Session of the Legislature is
 4 adopted at the statewide election to be held on November 8, 2022, and becomes effective.

The original instrument was prepared by Curry J. Lann. The following digest, which does not constitute a part of the legislative instrument, was prepared by Cheryl Serrett.

DIGEST

SB 165 Reengrossed

2021 Regular Session

Smith

Present law establishes the mechanism by which ad valorem property tax millage rates are automatically adjusted in response to changes in the tax base resulting from reassessment or a change in the homestead exemption. Both the millage rate imposed in the year before the change in the base, as well as the maximum authorized millage rate, are adjusted so that the same amount of taxes is collected in the year after reappraisal as was collected in the prior year.

Present law authorizes an increase in a millage rate up to the prior year's maximum authorized rate by 2/3 vote of its governing body without voter approval. The maximum authorized rate is adjusted every four years due to statewide reassessment and may also be adjusted due to a change in the homestead exemption.

Proposed law allows, beginning in the 2023 ad valorem tax year, a taxing authority to increase its millage rate up to the maximum authorized millage rate authorized by the constitution and approved by the taxing authority until the authorized millage rate expires rather than the present law's maximum authorized rate in effect the prior year.

Proposed law prohibits a taxing authority from increasing the millage rates in excess of its adjusted millage rates established for the 2021 ad valorem tax year and 2020 ad valorem tax year in Orleans Parish.

Proposed law requires that if an immediate subsequent reassessment has an increased taxable value, the adjusted maximum millage rate be decreased to the original authorized maximum millage rate provided by the constitution and approved by the taxing authority.

Effective if and when the proposed amendment of Article 7, Section 23(C) of the Constitution of Louisiana contained in the Act which originated as SB 154 of the 2021 RS is adopted at the statewide election to be held on November 8, 2022, and becomes effective.

(Amends R.S. 47:1705(B)(1)(a) and (b)(i))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Adds bill number of proposed constitutional amendment.

Senate Floor Amendments to engrossed bill

1. Removes references to the legislative auditor and makes other technical changes.
2. Requires decrease in maximum millage rate if the reassessment has an increased taxable value.