

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



Fiscal Note On: **SB 164** SLS 18RS 210  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **w/ HSE COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 25, 2018 11:46 AM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Local Governments / La Tax Commission	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Phase-In Residential Property Reappraisal Increases	

TAX/AD VALOREM RE1 SEE FISC NOTE LF RV See Note Page 1 of 1  
 Constitutional amendment to authorize the phase-in of increases in ad valorem taxation under certain circumstances. (2/3 - CA13s1(A))

Present constitution requires all property to be reappraised and valued at intervals of not more than four years.

Proposed constitutional amendment provides an even four-year phase-in for assessed value increases of residential property resulting from reappraisals, if the assessed value of the property increases by more than 35%. This phase-in does not apply to valuation increases attributable to construction on or improvements to property. The decrease in total ad valorem tax collections resulting from this phase-in shall be absorbed by the affected taxing authorities and shall not create any additional tax liability for other taxpayers.

To be submitted to the electors at the statewide election to be held on November 6, 2018.

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

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The bill phases in property tax increases for residential properties that experience more than a 35% increase in assessed value from general reappraisals, by phasing in the assessed valuation increase evenly over the subsequent four years. In these circumstances, local tax recipient bodies are negatively affected by the bill's provision that prohibits subsequent reappraisals or millage adjustments that would normally shift tax burdens such that total ad valorem tax collections were unaffected.

According to the La Tax Commission, a greater than 35% assessment increase over a four-year period is not typical for residential properties. Thus, widespread effectiveness of this bill's provisions is not likely to occur frequently. However, the Commission indicated that there are reappraisal occasions where assessments appear to be catching up from undervaluation associated with previous reappraisals, and a 35% or more increase can occur. In those cases, the provisions of this bill would be effective, resulting in a phased-in assessment increase and a restriction on millage adjustments.

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*  
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**Legislative Fiscal Officer**