



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: SB 200 SLS 05RS 244
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Sub. Bill For.:
Proposed Amd.:

Date: April 28, 2005 8:25 AM
Author: BAJOIE
Dept./Agy.: Tax Commission
Subject: Exempts Works of Art on Consignment from Property Tax
Analyst: Julie A. Samson

TAX/LOCAL EG DECREASE LF RV See Note Page 1 of 1
Constitutional amendment to provide an exemption from the ad valorem tax for consigned art for Orleans Parish. (1/1/07) (2/3-CA13s1(A))
Current law requires the submittal of property tax on works of art on consignment.

Proposed constitutional amendment exempts works of art on consignment from property tax.

To be submitted at an election to be held on November 7, 2006. Effective January 1, 2007.

Table with 7 columns: EXPENDITURES, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 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, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed constitutional amendment would result in a decrease in revenue for local government entities.

According to the Tax Commission, the majority of the artwork on consignment would primarily be located in the 1st and 2nd municipal districts of Orleans Parish. The Legislative Fiscal Office contacted the Assessors' offices of these two municipal districts and received the following information.

The assessor in the first municipal district of Orleans Parish has begun the process of collecting property tax due from art on consignment; however, no revenue has been collected.

The assessor in the second municipal district of Orleans Parish reports collecting property tax due from art on consignment for five years. The tax is due by the owner of the art who has placed the piece on consignment. The tax is calculated by this district by applying a 60% depreciation rate to the art and applying the district's millage to 15% of the remaining value. The second municipal district includes both the New Orleans French Market and New Orleans French Quarter, both housing numerous art galleries handling consignment art. The assessors office was unable to quantify the amount collected from this type of property, but did indicate that the amount could fluctuate significantly from year to year.

With statewide application, it is possible that other jurisdictions around the state could lose revenue, to the extent this type of property is being assessed. The LA Tax Commission is not aware of this practice in other jurisdictions and any potential revenue loss is likely to be minimal.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

6.8(F) >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Signature of Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist