



**OFFICE OF LEGISLATIVE AUDITOR**

**Fiscal Note**

Fiscal Note On: **HB 187** HLS 05RS 155  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**  
 Sub. Bill For.:  
 Proposed Amd.:

**Date:** June 21, 2005 12:58 PM **Author:** ARNOLD  
**Dept./Agy.:** Orleans Parish **Analyst:** Robert Bruce  
**Subject:** Motor vehicle ad valorem tax

TAX/AD VALOREM-EXEMPTION REF -\$5,200,000 LF RV See Note Page 1 of 1  
 (Constitutional Amendment) Removes prohibition against extending exemption for motor vehicles to municipal taxes

**Purpose of Bill:** This measure would remove language from the constitution that allows municipal governing authorities to levy ad valorem taxes on motor vehicles.

Note: The Orleans Parish Board of Assessors is the only entity that assesses this tax. The City of New Orleans collects the tax.

A Senate floor amendment defines "motor vehicle" to include a properly licensed trailer or semi trailer. Attorney General Opinion No. 85-110 held that trailers and semi trailers are subject to ad valorem taxation.

EXPENDITURES	2005-06	2006-07	2007-08	2008-09	2009-10	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$116,000	\$0	\$0	\$0	<b>\$116,000</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	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	<b>(\$800,000)</b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$84,000)</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>	<b>(\$684,000)</b>

REVENUES	2005-06	2006-07	2007-08	2008-09	2009-10	5 -YEAR TOTAL
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	(\$5,200,000)	(\$5,200,000)	(\$5,200,000)	(\$5,200,000)	<b>(\$20,800,000)</b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$5,200,000)</b>	<b>(\$5,200,000)</b>	<b>(\$5,200,000)</b>	<b>(\$5,200,000)</b>	<b>(\$20,800,000)</b>

**EXPENDITURE EXPLANATION**

**This measure would increase state general fund expenditures by approximately \$116,000 relating to the cost of the election.** According to the Secretary of State officials, this cost is limited to the placement of this constitutional amendment on the November 7, 2006 ballot and publishing the proposed constitutional amendment in the 64 official parish journals. Since the proposed legislation would be on the ballot of the statewide general election there should be no other costs, such as drayage costs, associated with this election.

**This measure may decrease local government expenditures by at least \$200,000 for the costs to bill and collect the tax.** Assuming the constitutional amendment is approved by the state's voters, the City of New Orleans would not have to incur the direct cost of administering this tax, which includes printing, mailing, and collection costs.

**REVENUE EXPLANATION**

**This measure will decrease local governmental revenues by approximately \$5.2 million a year assuming the state's voters approve the constitutional amendment.**

According to a New Orleans official, in 2004, the city collected \$5.2 million for this tax and the collection rate was 67% (approximately \$7.8 million billed). In addition, collections increased by 16% from 2003's collections (\$4.5 million). For the purpose of this fiscal note, we are assuming that collections will remain relatively stable for the next five years.

A Senate floor amendment to this bill defines "motor vehicle" to include a properly licensed trailer or semi trailer. Attorney General Opinion No. 85-110 held that trailers and semi trailers are subject to ad valorem taxation. The extent and amount of ad valorem taxation of trailers in the state is unknown. However, to the extent this tax is presently collected on trailers and semi trailers, local revenues will decrease if this measure is enacted.

Senate Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

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

House

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

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

*David K. Greer*

**David K. Greer**  
**Director, Performance Audit**