

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 461** HLS 08RS 354
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2008	5:08 PM	Author: RITCHIE
Dept./Agy.: Local Government		Analyst: Greg Albrecht
Subject: Property Tax - Special Assessment Level - Expropriations		

TAX/AD VALOREM TAX RE SEE FISC NOTE LF RV See Note Page 1 of 1
 (Constitutional Amendment) Provides for transfer of the special assessment level to new property purchased to replace expropriated property

Current law freezes the assessed value of residential property receiving the homestead exemption for certain persons (65+ years old, certain disabled persons etc.). An income threshold applies for applicants 65 years old or older for their initial eligibility (currently: adjusted gross income of \$64,140), but an annual income test is not required for elderly households to maintain eligibility.

Proposed law would transfer this special assessment to new property acquired by an owner, entitled to the special assessment, which is similar in nature, is intended to replace property that has been sold to or expropriated by federal, state, or local government, is acquired within 24 months of expropriation or sale, and whose value does not exceed 200% of the expropriated property.

To be submitted to the electors at the statewide election on November 4, 2008.

EXPENDITURES	2008-09	2009-10	2010-11	2011-12	2012-13	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2008-09	2009-10	2010-11	2011-12	2012-13	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>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The extent of use of the provisions of this bill is speculative, and the effect of it's utilization on local property tax bases will depend on the assessed value of the replacement property relative to the special assessment level being transferred. Replacement property, even of a similar nature, may be likely to have a higher valuation than the expropriated property, although that is not necessarily the case in all situations. It is possible that replacement property would be so dissimilar in nature as to not receive the special assessment, or no replacement property is acquired at all. Replacement property could be acquired in a different tax jurisdiction, as well. Any effects occurring would be realized over time as property receiving the benefit of the transferred special assessment does not see its assessed values rise along with other property. A shifting of tax burdens is also likely onto property not receiving the benefit of special assessment.

The LA Tax Commission requested the number of special assessments from a few assessors and received the following information: East Baton Rouge Parish (17,489 or about 18% of homesteads), Orleans Parish (15,346 or 20%), Lafayette Parish (5,000 or 10%), Tangipahoa Parish (2,820 or 10%), Lincoln Parish (1,115 or 11%), Ouachita (614 or 2%), and Morehouse Parish (569 or 7%). While the pool of special assessments could be significant, only expropriations or sales of residential homesteads with special assessments, and whose replacement property does not exceed 200% of the value of the expropriated property, are affected by this bill. It seems likely that the number of properties and the associated assessed values actually affected by this bill would be small.

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

H. Gordon Monk
H. Gordon Monk
Legislative Fiscal Officer