
DIGEST

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HB 682 Engrossed

2015 Regular Session

Kleckley

Abstract: Establishes guidelines for use by an assessor in the valuation of affordable rental housing for purposes of ad valorem property tax assessment.

Present constitution requires the assessment of property for purposes of ad valorem taxation. The assessed value of a property is based on a percentage of the property's fair market value.

Present law requires that uniform criteria be used by an assessor in the determination of fair market value for real and personal property. Fair market value is determined by using any of the following generally recognized appraisal procedures: the market approach, the cost approach, or the income approach.

Proposed law establishes the following guidelines to be used by an assessor in determining the fair market value of affordable rental housing:

- (1) The income method of valuation shall be used, with application of the income method based upon the actual rental income from rent-restricted units.
- (2) Tax credits and financing upon terms more favorable than market terms shall be excluded from the valuation.

Present law requires that in using the income approach, an assessor shall use an appraisal technique in which the anticipated net income is processed to indicate the capital amount of the investment which produces the net income.

Proposed law requires the La. Tax Commission to establish the capitalization rate to be used in applying the income approach to valuation.

Proposed law defines "affordable rental housing" as residential housing consisting of one or more rental units, the construction and rental of which are subject to the requirements of the federal low-income housing tax credit, and which may have participated in other federal or state low income housing program benefits.

Effective Jan. 1, 2016.

(Adds R.S. 47:2323(E))