

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 630** SLS 10RS 975

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2010 8:42 AM	Author: NEVERS
Dept./Agy.: Tax Commission / Local Governments	Analyst: Greg Albrecht
Subject: Appraisal of Property for Residential Development	

TAX/AD VALOREM

OR DECREASE LF RV See Note

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Provides for the fair market value of property held for residential development for property tax purposes. (gov sig)

Current law provides for a determination of fair market value through general appraisal procedures of the market approach, the cost approach, and/or the income approach.

Proposed law requires that property held for residential development be valued at the purchase price of the land without any subsequent infrastructure improvements. This value shall remain in place until the last lot of the development is sold as a residence.

Effective upon governor's signature.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	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>	DECREASE	DECREASE	DECREASE	DECREASE	\$0
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 bill would reduce the assessed value of property held for residential development to the raw land purchase price from its fair market value, and keep the assessments at that reduced level until all lots in a development had been improved and sold as residences. While it has not been possible to estimate the amount of property and value affected, single-family housing permits, starts, and completions in Louisiana have ranged from 10,000 - 12,000 per year since 2008, and will rise from this trough range as the national economic recovery occurs. Thus, it seems reasonable to presume that several thousand properties would be affected across the state at any one time. The reduction in taxable property value associated with these properties is also likely to be concentrated in particular parishes around the state where residential development in and around metro-areas is occurring.

Local property tax receipts would be reduced by this bill unless millage adjustments occurred, offsetting tax decreases from these properties with tax increases from other properties. The extent of this offsetting effect would depend on the relative significance of residential property developments in each parish's property tax base.

Senate

Dual Referral Rules

House

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

- 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

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Legislative Fiscal Officer