

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 610** HLS 16RS 1068

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2016	11:25 AM	Author: ABRAHAM
Dept./Agy.: LA Tax Commission / Local Assessors		Analyst: Greg Albrecht
Subject: Ad Valorem Valuation of Low-Income Housing		

TAX/AD VALOREM TAX EG SEE FISC NOTE LF RV See Note Page 1 of 1

Prohibits the inclusion of the value of certain federal tax credits and special financing provisions when determining the fair market value of certain property for purposes of tax assessment

Present law requires the fair market value of real and personal property to be determined using generally recognized appraisal procedures of the market approach, the cost approach, and the income approach.

Proposed law specifies for the fair market valuation of affordable rental housing property, that the assessor shall not consider income tax credits available under Section 42 of the Internal Revenue Code, below market financing obtained under the National Affordable Housing Act or the Federal Home Loan Bank Affordable Housing Program, or any other similar federal or state programs. These programs provide or finance rental housing to low or moderate income persons and require restricted rents based on the income of the housing occupants.

Effective January 1, 2017.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	2016-17	2017-18	2018-19	2019-20	2020-21	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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

According to the Louisiana Assessors Association, in general, the value of tax credits and preferential financing involved in rent-restricted housing property is one of the various components of the valuation of those properties, and a valuation agreeable to property owners and assessors is determined. This bill prohibits the value of tax credits and preferential financing as a component of the value or income to these properties. To the extent the consideration of tax credits and preferential financing arrangements are being included as part of the value or income of those properties, this bill will work to reduce the fair market and assessed value of affected properties, and consequently local ad valorem tax receipts associated with those properties.

Aggregate tax receipts in any particular locale may not be fully affected though, as millage adjustments and reassessments may offset all or a portion of the change in assessed values of these particular properties. In those cases, a redistribution of tax burdens will occur, with less tax from these properties and more tax from all other properties.

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|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

John D. Carpenter
Legislative Fiscal Officer