| Louisiana<br>Legislative                        | OFFICE OF LEGISLATIVE AU<br>Fiscal Note | UDITOR               |    |     |     |          |      |  |  |  |
|---|---|----------------------|----|-----|-----|----------|------|--|--|--|
| Auditor Fiscal                                  |   | Fiscal Note On:      | SB | 221 | SLS | 24RS     | 209  |  |  |  |
| Fiscal<br>Notes                                 | Bill Text Version: ORIGINAL             |                      |    |     |     |          |      |  |  |  |
| Strange 1                                       | 0                                       | Opp. Chamb. Action:  |    |     |     |          |      |  |  |  |
|   |   | Proposed Amd.:       |    |     |     |          |      |  |  |  |
|   |   | Sub. Bill For.:      |    |     | R   | EVISE    | D    |  |  |  |
| Date: April 4, 2024                             | 4:14 PM                                 | Author: CATHEY       |    |     |     |          |      |  |  |  |
| Dept./Agy.: Louisiana Tax Cor                   | nmission & Local Government Entities    |                      |    |     |     |          |      |  |  |  |
| Subject: Allocation of Property Tax Assessments |   | Analyst: Sarah Futch |    |     |     |          |      |  |  |  |
| TAX/AD VALOREM                                  | OR SEE FISC NOTE LF RV See Note         |                      |    |     | F   | Page 1 d | of 1 |  |  |  |

Provides relative to the allocation of ad valorem tax assessed values of certain property. (gov sig)

**Purpose of the Bill:** This bill requires the Louisiana Tax Commission (LTC) to develop an allocation methodology to reallocate the assessed values of railcars owned by certain out-of-state companies, currently allocated entirely to East Baton Rouge Parish (EBR), across multiple parishes for property tax purposes. The bill also sets forth procedures for the billing, collection, and remittance of these taxes.

<u>Note:</u> The fiscal note assumes that duties for billing, collecting, and remitting taxes outlined in the bill will be performed by the East Baton Rouge Parish Sheriff's Office (EBR Sheriff), due to the sheriff's existing role in property tax collections, as the bill does not designate a specific EBR entity for these tasks.

| EXPENDITURES   | 2024-25   | 2025-26   | 2026-27   | 2027-28   | 2028-29   | 5 -YEAR TOTAL |
|----------------|-----------|-----------|-----------|-----------|-----------|---------------|
| State Gen. Fd. | \$5,000   | \$0       | \$0       | \$0       | \$0       | \$5,000       |
| 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    | \$178,000 | \$148,000 | \$148,000 | \$148,000 | \$148,000 | \$770,000     |
| Annual Total   | \$183,000 | \$148,000 | \$148,000 | \$148,000 | \$148,000 | \$775,000     |
| REVENUES       | 2024-25   | 2025-26   | 2026-27   | 2027-28   | 2028-29   | 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    | SEE BELOW |               |
| Annual Total   |           |           |           |           |           |               |

## **EXPENDITURE EXPLANATION**

This bill may increase LTC expenditures by \$5,000 in Fiscal Year 2025. EBR Sheriff expenditures may increase by \$178,000 in Fiscal Year 2025 and \$148,000 annually thereafter, depending on LTC's allocation methodology.

<u>LTC:</u> Based on information from LTC, there are 327 companies/taxpayers to whom this bill appears to apply. An LTC official indicated that this bill may increase LTC expenditures by up to \$5,000 in Fiscal Year 2025 for software changes necessary to implement the allocation and reporting requirements of the bill, which will be done for each company/taxpayer.

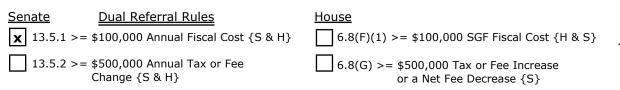
<u>EBR Sheriff</u>: An EBR Sheriff official indicated the need to purchase additional software (costing approximately \$90,000 initially and \$60,000 annually thereafter) due to limitations in the existing software that may hinder the EBR Sheriff's ability to effectively perform the duties outlined in the bill. In addition, the official indicated that the sheriff may need to hire an additional staff member (costing \$88,000 annually) to handle the workload related to adding approximately 55 taxing authorities to the sheriff's existing workload of 51 taxing authorities. However, the need to hire an additional staff member of parishes affected by LTC's allocation methodology.

## **REVENUE EXPLANATION**

This bill may shift local revenues, decreasing revenue for certain EBR entities while increasing it for entities in other parishes. However, the exact impact, both overall and for each parish/entity, is currently indeterminable due to insufficient information on factors such as LTC's allocation methodology.

The following analysis was provided <u>to illustrate the bill's potential impact on local revenue under specific</u> <u>conditions</u>. For this analysis, we: (1) obtained data from DOTD, LTC, and local entities; (2) allocated the total assessed value of railcars (\$81.26 million) across 56 parishes based on each parish's share of total state rail miles; (3) calculated and applied average property tax rates for each parish; and (4) assumed that EBR Sheriff would retain 1% of tax collections to offset costs.

This analysis shows a revenue decrease of \$7.54 million for EBR (primarily impacting EBR School Board, Sheriff, Library, and BREC) and a combined revenue increase of \$7.30 million for 55 other parishes. The revenue increase for the 55 other parishes averaged \$132,200 per parish, ranging from \$977 in East Feliciana to \$619,714 in Caddo. This analysis shows an overall statewide revenue decrease of \$240,000, which is attributable to differences in the property tax rates between the parishes that were used in the calculations.



Battle

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