

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 155** HLS 18RS 581
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

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Dept./Agy.: Tax Commission	Analyst: Benjamin Vincent
Subject: Increases Tax Commission assessment fees	

TAX COMMISSION, STATE EG +\$120,000 SD RV See Note Page 1 of 1
 Increases the fees levied by the La. Tax Commission for assessment of certain properties

Current law authorizes a Tax Commission fee for the assessment of public service properties of 0.04% of the assessed value to be paid by the public service paying the ad valorem tax. The fee is authorized on an interim basis, and is set to sunset on June 30, 2018. The authorization for this fee has been renewed routinely since 1993. Current law also authorizes a fee of 0.015% on insurance companies and financial institutions that pay the ad valorem tax. Current law dedicates these fee collections to the Tax Commission Expense Fund, which partially funds the operations of the Tax Commission.

Proposed law changes the interim sunset date for the 0.04% rate applying to public service property assessments from June 30, 2018 to June 30, 2022. Proposed law also increases the assessment on insurance companies and financial institutions from 0.015% to 0.03%. Effective July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$120,000	\$120,000	\$120,000	\$120,000	\$0	\$480,000
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	\$120,000	\$120,000	\$120,000	\$120,000	\$0	\$480,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law extends the authorized assessment fee for public service properties, and increases the rate on insurance companies and financial institutions for FY19 through FY22.

Proposed law increases the assessment fee on insurance companies and financial institutions from 0.015% to 0.03% in FY19-FY22. LFO assumes that the assessment fee would have been renewed as it has been historically, and that recent growth trends in the assessed value of these properties will remain steady. Under these assumptions, the revenue impact of the renewal at the current rate is a continuation of \$120,000 per year of fee revenue. At the new rate provided by proposed law, an additional \$120,000 of fee revenue is anticipated and depicted in the table above. Total projected revenue from the fee on insurance companies and financial institutions in FY19 associated with the bill is \$240,000.

For public service properties, LFO again assumes that the fee would have been renewed as it has historically. Under this assumption, the revenue impact of the renewal at the current rate is a continuation of \$2.4 million per year of dedicated fee revenue from the fee on insurance companies and financial institutions in FY19 associated with the bill.

Total dedicated revenue associated with the bill is \$2.640 million per year, of which \$2.520 million is the continuation of existing fee revenue, and \$120,000 is additional fee revenue from the fee increase on insurance companies and financial institutions (depicted in the table above), although some amount less than this may be budgeted.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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