

OFFICE OF LEGISLATIVE AUDITOR Fiscal Note

Fiscal Note On: **HB** 521 HLS 20RS 762

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.: Sub. Bill For.:

Date: April 7, 2020 5:35 PM Author: HILFERTY

Dept./Agy.: Assessors

Subject: Property Assessment Notices

Analyst: Marc Deshotels

TAX/AD VALOREM TAX OR INCREASE LF EX See Note Provides for the notification process for ad valorem reappraisal

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Purpose of Bill: This bill requires assessors to use certified mail when providing notice to taxpayers about the assessment amount of their property, and requires this notice to be sent no less than 30 days before the commencement of the appeal period.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	<u> 2020-21</u>	2021-22	2022-23	2023-24	<u> 2024-25</u>	5 -YEAR TOTAL
REVENUES State Gen. Fd.	2020-21 \$0	2021-22 \$0	2022-23 \$0	2023-24 \$0	2024-25 \$0	<u>5 -YEAR TOTAL</u> \$0
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
State Gen. Fd. Agy. Self-Gen.	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
State Gen. Fd. Agy. Self-Gen. Ded./Other	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0

EXPENDITURE EXPLANATION

This bill may increase local fund expenditures for assessors statewide by an indeterminable amount.

Current law provides for assessment notices to be sent to tax payers (1) as a result of the reappraisal of property every 4 years, (2) supplemental assessments related to omitted or erroneously assessed properties, and (3) when the taxable assessment of the property increases by 15% or more. Based on information from the Louisiana Assessors' Association (LAA) and Louisiana Tax Commission, there were approximately 2.4 million tax payers in Louisiana that could receive notices.

<u>Fiscal Years 2021 & 2025 (Costs related to Reappraisal Years):</u> The additional cost to send notices by certified mail, at a minimum, will be the \$3.55 per notice charged by United States Postal Service for certified mail. Based on information from the LAA and three assessors, estimates on the additional cost to send notices by certified mail using a vendor to handle the mailings range from \$4.36 per notice to \$6.41 per notice with an average increase of \$5.43 per notice. Based on this information, this bill may **increase assessor expenditures by up to \$15.5 million statewide** (\$6.41 per notice x 2.4 million notices) for fiscal years 2021 and 2025. However, the exact impact is indeterminable at this time due to variations in costs among assessors.

<u>Fiscal Years 2022 through 2024 (Costs related to Non-reappraisal Years)</u>: Officials with the LAA and three assessors offices expected the bill to have minimal impact during non-reappraisal years. However, an official with one assessor's office indicated that the bill could cost his office \$46,400 (\$4.64 per notice x 10,000 notices) for fiscal years 2022 through 2024, while an official with another assessor's office indicated that the bill could cost his office between \$12,000 and \$18,000 for fiscal years 2022 through 2024. The exact impact is indeterminable at this time due to variations in costs among assessors.

REVENUE EXPLANATION

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

Senate Dual Referral Rules X 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}	House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	M. G. Battle
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Michael G. Battle Manager, Advisory Services