



OFFICE OF LEGISLATIVE AUDITOR  
Fiscal Note

Fiscal Note On: **SB 104** SLS 13RS 185  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.: **w/ PROP SEN COMM AMD**  
Sub. Bill For.:

<b>Date:</b> May 20, 2013	8:13 AM	<b>Author:</b> CROWE
<b>Dept./Agy.:</b> Local Government Tax Collection		
<b>Subject:</b> Deferment of Ad Valorem Taxes		<b>Analyst:</b> Glenda Leblanc

TAX/AD VALOREM OR SEE FISC NOTE LF RV Page 1 of 2

Constitutional amendment to authorize homeowners, ages sixty-five years or older with financial hardship, to postpone the payment of ad valorem taxes on their homestead until death. (2/3 - CA13sl(A))

**Purpose of Bill:** This measure allows homeowners aged 65 years or older with financial hardship to postpone payment of property taxes on their homestead. These homeowners must meet certain qualifications as follows: 1) Homeowner has a valid homestead exemption; 2) Homeowner has been granted a special assessment; 3) Homeowner reached the age of 65; 4) Homeowner has an annual household income that does not exceed 250% of the current federal poverty guidelines. This bill also provides specified payment terms upon the death of the taxpayer and an interest rate to be applied to the postponed taxes.

The provisions of this bill require voter approval in a statewide election to be held on November 4, 2014.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0

**EXPENDITURE EXPLANATION**  
Assuming this Constitutional Amendment is approved by the voters and the requirements of SB 228 become law, the statewide impact on local governmental expenditures is indeterminable.

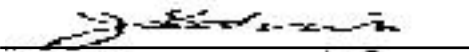
Although we contacted many local entities, we were unable to obtain data necessary to determine the specific statewide impact on local government expenditures. However, it appears that any increase would be related to the administration of this tax postponement if these additional duties could not be absorbed and performed with current resources (some may have to hire additional employees, obtain new software, etc. and some may be able to absorb any additional costs).

An official with the Pointe Coupee Parish Assessor’s Office indicated that this bill will not increase expenditures of his office as he would have to use current resources for these additional duties.

An official with the Lafayette Parish Assessor’s Office indicated that this bill may increase costs of the office by approximately \$15,000 per year. However, he informed us that he will have to reduce spending in other areas (such as training) to pay for the requirements related to this postponement. Therefore, overall expenditures would not increase.

Finally, an official with the Rapides Parish Assessor’s Office indicated that she is unable to determine the impact this bill would have on office expenditures.

**REVENUE EXPLANATION**  
See Revenue Explanation on Page 2.

<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) >= \$500,000 Annual Fiscal Cost {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}	Joy Irwin Director of Advisory Services



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CONTINUED EXPLANATION from page one:  
Continued Revenue Explanation from Page 1:

**Assuming this Constitutional Amendment is approved by the voters and the requirements of SB 228 become law, the statewide impact on local governmental revenue is indeterminable.**

While we were unable to obtain the data necessary to determine the statewide impact on local government revenues, it appears that the impact on revenue will depend on (1) timing and amount of taxes deferred, (2) amount of interest accrued, and (3) collectibility and timing related to collection of deferred taxes and accrued interest.

**This bill defers or postpones payment, and could result in a reduction in available revenues to local governments in the year of deferment or postponement until collection.** An official with the Lafayette Parish Assessor’s Office estimated that this bill may allow approximately 2,150 taxpayers to defer taxes. However, this official anticipates that approximately 215 taxpayers will apply for the deferment and defer approximately \$55,600 annually.

An official with the Pointe Coupee Parish Assessor’s Office estimated that this bill may allow approximately 188 taxpayers to defer taxes. However, this official anticipates that approximately 145 taxpayers will apply for the deferment, but was unable to estimate the amount of taxes that would be deferred.

**There may be an increase in revenues when taxes are paid, depending on the amount of accrued interest on deferred taxes.** The bill provides that the unpaid balance of the postponed taxes shall bear interest from the date on which the original tax bill was due until paid at the rate of judicial interest payable annually. The judicial interest rate is currently 4%.

**There may be a decrease in revenues if taxes are not ultimately paid.** If, for any reason, the postponement is not collectible, there will be an overall loss of local government revenue. This could happen if the taxes and interest exceed the value of the home/property and no one is willing to purchase at tax sale.

Finally, officials with the Louisiana Tax Commission, St. Tammany Parish Sheriff’s Office, Caddo Parish Assessor’s Office, and Rapides Parish Assessor’s Office indicated that they were unable to determine the impact of this bill on local government revenue.