

2016 Regular Session

HOUSE BILL NO. 359

BY REPRESENTATIVE MORENO

TAX/AD VALOREM TAX: Establishes criteria for valuation of low-income housing property for purposes of assessment of ad valorem taxes

1 AN ACT

2 To amend and reenact R.S. 47:2323(C)(introductory paragraph) and to enact R.S.
3 47:2323(C)(4), relative to the assessment of property for purposes of ad valorem
4 taxation; to provide with respect to the valuation of low-income housing property;
5 to require the use of certain criteria in the determination of fair market value; to
6 provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:2323(C)(introductory paragraph) is hereby amended and
9 reenacted and R.S. 47:2323(C)(4) is hereby enacted to read as follows:

10 §2323. Criteria for determining fair market value; real and personal property;
11 unoccupied residential immovable property

12 * * *

13 C. Criteria.

14 The fair market value of real and personal property shall be determined by
15 the following generally recognized appraisal procedures, subject to the requirements
16 established in Paragraph (4) of this Subsection: the market approach, the cost
17 approach, and/or the income approach.

18 * * *

19 (4)(a) In the application of any approach utilized to determine the fair
20 market value of low-income housing property, any calculation based on income

1 generated by the property shall be made utilizing the actual income restricted rents
 2 and any other specific operational requirements applicable to the property. Further,
 3 a low-income housing property shall not be considered comparable real property for
 4 the assessment or an appeal of an assessment of other properties.

5 (b) For purposes of this Paragraph, "low-income housing property" means
 6 property eligible for any of the following: income tax credits available under Section
 7 42 of the Internal Revenue Code; below market interest rate on financing obtained
 8 under the Homes Investment Partnership Program under the Cranston-Gonzales
 9 National Affordable Housing Act or the Federal Home Loan Bank Affordable
 10 Housing Program established pursuant to the Financial Institution Reform, Recovery
 11 and Enforcement Act of 1989; or any other federal, state, or similar program
 12 intended to provide affordable housing to persons of low or moderate income and
 13 requiring restricted occupancy and rental rates based on the income of the persons
 14 occupying such housing.

15 * * *

16 Section 2. This Act shall become effective on January 1, 2017.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 359 Original

2016 Regular Session

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Abstract: Requires that certain income and other restrictions be considered in the calculations used to determine the fair market value of certain low-income housing property for purposes of ad valorem tax assessment.

Present constitution requires the assessment of property for purposes of ad valorem taxation based on a percentage of the property's fair market value.

Present law requires that uniform criteria be used by assessors in the determination of fair market value for real and personal property. Fair market value is determined by using the following generally recognized appraisal procedures: the market approach, the cost approach, or the income approach.

Present law requires that in using the income approach, an assessor shall use an appraisal technique in which the anticipated net income is processed to indicate the capital amount of the investment which produces the net income.

Proposed law retains present law but adds specific requirements concerning the determination of fair market value of low-income housing properties.

Proposed law requires that any calculation based on income generated by the property shall be made utilizing the actual income restricted rents and any other specific operational requirements applicable to the property. Further, a low-income housing property shall not be considered comparable real property for the assessment or an appeal of an assessment of other properties.

Proposed law defines "low income housing property" for purposes of proposed law as a property eligible for any of the following: federal income tax credits available under federal law; below market interest rate on financing obtained under the Homes Investment Partnership Program under the Cranston-Gonzales National Affordable Housing Act or the Federal Home Loan Bank Affordable Housing Program established pursuant to federal law; or, any other federal, state, or similar program intended to provide low-income housing with restricted occupancy and rental rates.

Effective January 1, 2017.

(Amends R.S. 47:2323(C)(intro. para.); Adds R.S. 47:2323(C)(4))