



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 359** HLS 16RS 445

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 15, 2016	1:18 PM	Author: MORENO
Dept./Agy.: LA Tax Commission / Local Assessors		
Subject: Ad Valorem Valuation of Low-Income Housing		Analyst: Greg Albrecht

TAX/AD VALOREM TAX OR SEE FISC NOTE LF RV See Note Page 1 of 1
Establishes criteria for valuation of low-income housing property for purposes of assessment of ad valorem taxes

Present law requires the fair market value of real and personal property to be determined using generally recognized appraisal procedures of the market approach, the cost approach, and the income approach.

Proposed law requires any calculation based on the income generated by low-income housing property to utilize the actual income restricted rents. Low-income housing property is defined as property eligible for federal income tax credits under Section 42 of the Internal Revenue Code, or below market interest rates available under various other federal and state programs intended to provide affordable housing.

Effective January 1, 2017.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<u>\$0</u>
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

According to the Louisiana Assessors Association, in general, the value of tax credits and preferential financing involved in rent-restricted housing property is one of the various components of the valuation of those properties, and a valuation agreeable to property owners and assessors is determined. This bill requires the utilization of the actual income-restricted rents if any valuation calculation based on the property’s income generation is applied. To the extent the consideration of tax credits and preferential financing arrangements are being included as part of the value or income of those properties, this bill will work to reduce the fair market and assessed value of affected properties, and consequently local ad valorem tax receipts associated with those properties.

Aggregate tax receipts in any particular locale may not be fully affected though, as millage adjustments and reassessments may offset all or a portion of the change in assessed values of these particular properties. In those cases, a redistribution of tax burdens will occur, with less tax from these properties and more tax from all other properties.

Senate

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}


☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

Dual Referral Rules

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}



John D. Carpenter
Legislative Fiscal Officer