

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

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Phone: 219-0339, Ext. 208 Office: Division of Administration
Louisiana Tax Commission

Return Address: Louisiana Tax Commission Rule Title: Rules & Regulations
P. O. Box 66788 Date Rule: Upon Promulgation
Baton Rouge, LA 70896 Takes Effect

SUMMARY
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rules reflect annual changes in valuation procedures for taxation purposes based on the most recent available data. There are no estimated costs or savings associated with the proposed rules for state governmental units. An impact to local governmental workload resulting in additional administrative costs will occur, but is expected to be minimal.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule changes will result in an increase of approximately \$37,933,500 in revenue collections for local governments based upon revisions to valuation tables increasing certain 2024 real and personal property assessments by approximately +3.3% in total. However, these revisions will not necessarily affect revenue collections of local government units as any net increase or decrease in assessed valuations are authorized to be offset pursuant to millage adjustment provisions of Article VII, Section 23 of the state Constitution.

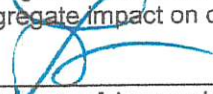
On average, these revisions will generally increase certain 2024 real and personal property assessments for property of similar age and condition in comparison with the latest available equivalent assessments. However, the assessments of certain property types will increase compared to prior year. Composite multiplier tables for assessment of most personal property will increase by an estimated +2%. Specific valuation tables for assessment of pipelines will increase by an estimated +20% for both Onshore and Offshore pipelines. Drilling rigs will increase by an estimated +5% (Land rigs to increase by an estimated +11%, Jack-Ups to increase by an estimated +2% and Semisubmersible rigs to increase by an estimated +2%). Use Value, which is reassessed every four years, will increase by an estimated +7.4% (Ag & Horticultural Land to increase by an estimated +15% and Timberland will decrease by an estimated -0.3%). The net effect determined by averaging these revisions is estimated to increase assessments by +3.3% and estimated local tax collections by \$37,933,500 in FY 24/25 on the basis of the existing statewide average millage. However, these revisions will not necessarily affect revenue collections of local government units as any net increase or decrease in assessed valuations are authorized to be offset by millage adjustment provisions of Article VII, Section 23 of the state Constitution.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Including Small Businesses) (Summary)

The effects of these new rules on assessments of individual items of equivalent real and personal property will generally be higher in the aggregate in 2024 compared to the last year of actual data. Specific assessments of real and personal property will depend on the age and condition of the property subject to assessment. Taxpayers will be impacted based on the changes to the valuation guidelines for assessments as listed in Section II. The magnitude will depend on the taxable property for which they are liable. Regardless of the guidelines adopted by the Tax Commission, all taxpayers continue to have the right to appeal their assessments. Additionally, Small Businesses' real and personal property is assessed in the same manner as for all other property owners.

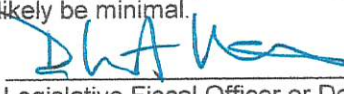
IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The impact on competition and employment cannot be quantified. In as much as the proposed changes in assessments are relatively small and there will no longer be any charges for the updates, any aggregate impact on competition and employment statewide will likely be minimal.


Signature of Agency Head or Designee

Lawrence E. Chehardy, Chairman
Typed Name and Title of Agency Head or Designee

NOV 8, 2023
Date of Signature


Legislative Fiscal Officer or Designee

11/13/23
Date of Signature

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The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Each year the Louisiana Tax Commission conducts hearings for proposed changes to Real/Personal Property Rules and Regulations. Any interested party can submit proposals on any section of the Commission's manual. The data in the attached tables was submitted for updating to more current information relating to that particular table. The Composite Multiplier Table is calculated each year using the Percent Good Table and the Cost Indices Table.

Rules & regulations affecting real and personal property are being updated to reflect a new base date of January 1, 2023.

- B. Summarize the circumstances which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

In accordance with Louisiana R.S. 47:1837 and R.S. 47:2331, the Louisiana Tax Commission has ordered reappraisal of all personal property in the state for tax year 2024. Real property is to be reappraised every four years, with tax year 2024 being the next quadrennial reappraisal.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

(1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

NO

(2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

- (a) _____ Yes. If yes, attach documentation.
(b) _____ NO. If no, provide justification as to why this rule change should be published at this time.