NOTICE OF INTENT

Office of the Governor
Division of Administration
Tax Commission

Ad Valorem Taxation
(LAC 61:V.101, 113, 303, 304, 307, 703, 907, 1103, 1307, 1503, 2503, 3101, 3103, 3105, 3106, 3107 and 3501)

In accordance with provisions of the Administrative Procedure Act (R.S. 49:950 et seq.), and in compliance with statutory law administered by this agency as set forth in R.S. 47:1837, notice is hereby given that the Tax Commission intends to adopt, amend and/or repeal sections of the Louisiana Tax Commission real/personal property rules and regulations for use in the 2019 (2020 Orleans Parish) tax year.

The full text of this proposed Rule may be viewed in the Emergency Rule section of this issue of the *Louisiana Register*.

Family Impact Statement

As required by Act 1183 of the 1999 Regular Session of the Louisiana Legislature, the Louisiana Tax Commission hereby submits the following Family Impact Statement.

1. The Effect on the Stability of the Family. Implementation of these proposed rules will have no effect on the stability of the family.
2. The Effect on the Authority and Rights of Parent Regarding the Education and Supervision of Their Children. Implementation of these proposed rules will have no effect on the authority and rights of parents regarding the education and supervision of their children.
3. The Effect on the Functioning of the Family. Implementation of these proposed rules will have no effect on the functioning of the family.
4. The Effect on Family Earnings and Family Budget. Implementation of these proposed rules will have no effect on family earnings and family budget.
5. The Effect on the Behavior and Personal Responsibility of Children. Implementation of these proposed rules will have no effect on the behavior and responsibility of children.
6. The Ability of the Family or a Local Government to Perform the Function as Contained in these Proposed Rules. Implementation of these proposed rules will have no effect on the ability of the family or local government to perform this function.

Poverty Impact Statement

The proposed rulemaking will have no impact on poverty as described in R.S. 49:973.

Small Business Statement

The proposed Rule will have no adverse impact on small businesses as described in R.S. 49:965.2 et seq.

Provider Impact Statement

The proposed Rule will have no adverse impact on providers of services for individuals with developmental disabilities as described in HCR 170 of 2014.

Public Comments

Interested persons may submit written comments on the proposed rules until 4 p.m., January 9, 2019, at the following address: Teri Callender, TC Property Tax Specialist, Louisiana Tax Commission, P.O. Box 66788, Baton Rouge, LA 70896.

Public Hearing

A public hearing on this proposed Rule will be scheduled for Thursday, January 24, 2019, at 10:00 am, at the Louisiana State Capitol, 900 North Third St., Baton Rouge, LA 70802.

Lawrence E. Chehardy
Chairman

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES
RULE TITLE: Ad Valorem Taxation

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT 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 an 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 $15,280,000 in revenue collections for local governments based upon revisions to valuation tables increasing real and personal property assessments by aproximately 1.6% 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 2019 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 0.3%. Specific valuation tables for assessment of pipelines will increase by an estimated 3.7% (Onshore increase by an estimated 4.2% and Offshore increase by an estimated 3.2%). Oil & gas wells will increase by an estimated 7.4% (Region 1 by 7.6%, Region 2 by 7.3% and Region 3 by 7.3%). Drilling rigs will increase by an estimated 1.6% (Land rigs by 2.9%, Jack-Ups by 1%, Semisubmersible Rigs by 1% and Well Service Land Only Rigs no change). The net effect determined by averaging these revisions is estimated to increase assessments by 1.6% and estimated local tax collections by $15,280,000 in FY 19/20 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.

Additionally, assessment fee increases on insurance companies and financial institutions, pursuant to Act 120 of the 2018 Regular Session, will result in an estimated $120,000 of additional state fee revenue that will be dedicated to the Tax Commission Expense Fund.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

The effects of these new rules on assessments of individual items of equivalent real and personal property will generally be lower in the aggregate in 2019 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 the assessments.

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.

Lawrence E. Chehardy
Chairman

Gregory V. Albrecht
Chief Economist
Legislative Fiscal Office