



COMMENTARY

Public Affairs Research Council of Louisiana, Inc.

May 3, 2005

FOR IMMEDIATE RELEASE

**CONTACT: Jim Brandt
President
(225) 926-8414**

Property Tax Bills Threaten To Undermine Local Taxing Capacity, PAR Says

Many homeowners were shocked last year upon receiving their property tax bills, which were based on more realistic appraisals of their home values. The increased appraisals resulted from the 2004 statewide effort to produce more equitable property tax assessments. Most homes had long been appraised at well below their market values, and many had not been reassessed since their last sale. In short, many assessors had not been doing their jobs.

This session more than 50 bills dealing with the property tax have been filed. With a few exceptions, they would limit local governments' tax capacity and ability to fund local services. Proposals to cap property tax assessments, liberalize assessment freezes, increase the homestead exemption and eliminate taxing bodies' authority to roll up millages following mandatory roll back after reassessment would all be extremely detrimental to local self-government.

As the state faces yet another year of fiscal constraints, local governments must continue to become more self sufficient. The state must keep pressure on the assessors to achieve and maintain accurate and equitable property valuations; this is no time to undermine the recent assessment reforms. State law already severely limits local taxing authority, and the legislature should avoid taking any further actions to weaken local fiscal capacity.

A particularly troublesome proposal this session would convert the Tax Commission to an elected body. The commission has begun asserting its proper role in overseeing local assessors and enforcing the tax laws. It should not be further politicized.

Other bills to weaken local governments' use of the property tax include proposals to:

- limit assessment increases to the inflation rate, thus locking in existing inequities in the tax rolls;
- increase the homestead exemption by varying amounts (from \$7,500 of assessed value to \$15,000 or tied to inflation);

-MORE -

PAR SAYS, Add One

- eliminate total tax increases due solely to reassessment (the millage “roll up” practice);
- require voter approval to roll up millages;
- require a unanimous vote by the taxing body to roll up millages;
- limit increased revenues from a millage roll up to the inflation rate;
- remove the income cap for those 65 and older whose property taxes are frozen; and,
- freeze or eliminate the property taxes for disabled people and veterans (defined various ways).

A proposal deserving support is SB 316, which would expand the state requirement for online posting of the tax rolls from 46 parishes to all 64 parishes in the state. This bill would also add the requirement that property owners' names be published along with the other information currently being published such as addresses, exemptions, assessed values and amounts billed. Additionally, this bill would require that reassessment lists be made available online during the inspection and appeal period. These changes would strengthen the cause for more equitable assessments as well as increase taxpayer access to this public information.

Taxpayers are already protected from unreasonable property tax increases in two ways. First, most tax increases or renewals require voter approval. Second, after each reassessment, millages are automatically rolled back to prevent increased collections due to the higher property assessments. The taxing body may roll the millages back up to their former level only after a public hearing and by a two-thirds vote. Thus, higher assessments will not always translate into higher taxes.

Lawmakers should not cave in to public pressure to undo gains made by recent assessment reforms. Property tax revenues are generated locally to fund local services. State laws that would reduce local revenues would increase local dependencies on already scarce state dollars.