

LOUISIANA PROPERTY TAX BASICS

Constitutional authority to tax

The Louisiana constitution provides for all major elements of ad valorem (property) tax policy. Virtually any material change to the property tax requires a constitutional amendment which requires a super-majority vote of the legislature, as well as statewide voter approval.

The property tax is a major source of revenue for Louisiana's political subdivisions and is levied by the political subdivision in which the taxable property is located. The constitution provides for a limited grant of authority for the imposition of a base (general purpose) amount of property tax millages without voter approval. A tax over and above that base amount requires approval by the local electorate.

Millages

A millage or millage rate is the tax rate that applies in the calculation of a specific property tax levy. The millage is based on an archaic monetary unit called a "mil". Millage rates are not expressed as regular percentages, but instead as tenths of a penny. When a property tax proposition is put before the voters, it will be for a certain millage amount for a certain period of time.

An existing millage rate for a particular levy can change for a variety of reasons including the authorization of new millages, changes necessitated in order to provide adequate revenue for debt service, and the mandatory automatic adjustment of millages after a statewide reassessment. This last scenario is one that is usually of interest to taxpayers. The Louisiana constitution mandates that taxes collected in the year after a statewide reassessment shall neither increase nor decrease because of the change in the value of the tax base. To accomplish this, millages are automatically either increased or decreased to accommodate the change in the tax base. Further, in the case where an increased tax base causes a reduction or "roll back" of a millage, the constitution authorizes the taxing authority levying the millage the option of collecting the additional revenues to be gained from such change in the tax base by reinstating all or a portion of the millage rate imposed prior to the "roll back". This is commonly referred to as a "roll forward". This may be accomplished by a super-majority vote of the taxing authority which occurs at a public hearing which has been heavily advertised. There is no voter approval required. For a political subdivision headed by a single local elected official, such as a sheriff, assessor, or coroner, the decision is made individually by that official.

Assessments

Who assesses?

The assessor assesses all property in the parish, except for public service properties which are assessed by the Louisiana Tax Commission. Reassessment of a property may occur at any time, but the constitution requires a statewide reassessment of all property in all parishes at least every four years. The most recent statewide reassessment took effect in the 2012 tax year.

Taxable property

There are two classes of taxable property subject to ad valorem tax, real property and personal property. Real property includes land, buildings and other improvements to land, and mobile homes. Personal property includes movable items such as machinery, fixtures, and furnishings. Household goods, vehicles licensed to operate on highways, and personal effects are not subject to property tax.

Rate and basis for assessing property values

The rate used in determining assessed value differs depending on the type of property. The following types of property are assessed based on *fair market* value: residential 10%, commercial 15%, and public service 25%. Agricultural, horticultural, marsh and timber lands are assessed at 15% of *use* value.

Special Assessment Level

Property which is both eligible for the homestead exemption and is owned and occupied by a person eligible for the special assessment level may receive a "frozen" assessed value. The value is frozen at the amount of assessed value in the year in which the property first received the special assessment level.

There are two criteria for this special tax treatment, both of which must be met in order for a property to qualify for the special assessment level.

- 1) The property owner's adjusted gross income from their most recent federal income tax return is less than \$50,000 which amount is adjusted annually by the Consumer Price Index (in 2013 the limit is \$69,463).

and

- 2) Any of the following applies to the property:
 - a) Owned and occupied by a person who is 65 years of age or older.
 - b) Owned and occupied by a person who has a 50% or greater military service-related disability.
 - c) Last owned and occupied by a member of the armed forces who was killed or is missing in action, or who is a prisoner of war.
 - d) Owned and occupied by a person who is 100% disabled as certified by state and federal agencies charged with determining disability.

Assessed property values: notification of property owners and the general public

An assessor *may* send notification of assessment value to a property owner at any time he deems appropriate. However, the assessor is *required* to send written notification to a property owner relative to the amount of an assessment under three scenarios: after a statewide reassessment, if the assessment increases by 15% or more from that of the previous year, and if the taxpayer has requested notification in accordance with law.

Assessors are required to annually expose each year's parish assessment list (also known as the "tax roll") for public inspection. In all parishes other than Orleans, this inspection period occurs

during any 15 day period occurring between August 15th and September 15th. In Orleans Parish, the inspection period is 32 days, and it must occur between July 15th and August 15th. The assessor is required to post a newspaper ad publicizing the time period for inspection. This is the time for a taxpayer to check their assessment and to discuss with the assessor any concerns they may have in that regard. Appeals are usually initiated at this stage.

Appeal of an assessed value

If the taxpayer and the assessor disagree over a property's assessed value, the taxpayer may appeal to the local Board of Review for review of the valuation. The board will consider the appeal and determine whether any changes should be made to the assessed value in question. If either the taxpayer, the assessor, or the taxing authority is dissatisfied with a ruling of the board, they may appeal to the Louisiana Tax Commission for consideration of the dispute. There are specific deadlines and requirements for the filing of appeals. Given this, a taxpayer considering undertaking an appeal should consult the assessor, Board of Review, and Louisiana Tax Commission for specific dates and procedures.

Exemptions

Homestead Exemption

The homestead exemption applies to property taxes levied in all political subdivisions other than taxes levied by municipalities, except it does apply to municipal taxes levied in Orleans Parish.

The amount of the homestead exemption is \$7,500 of a homestead's assessed value (\$75,000 of market value). The exemption may be claimed for a parcel of land of up to 160 acres upon which is located an owner occupied residence. The exemption may also be claimed on a homestead occupied by a usufructary or beneficiary of a trust.

In parishes in which the voters have elected to adopt the policy, the amount of the homestead exemption is doubled to \$15,000 of a home's assessed value (\$150,000 of market value) for property owned by a military veteran having a service-related disability rating of 100% as determined by the U.S. Department of Veterans Affairs. The exemption is also available for property owned and occupied by the surviving spouse of a qualifying veteran.

Other Exemptions

The constitution also provides for a wide variety of very specific exemptions from property tax, which include but are not limited to those benefitting the following interests: disabled veterans, nonprofit corporations, charitable clubs, labor organizations, trade associations, agricultural businesses, maritime industries, electricity producers, the arts, import and export, motor vehicle, manufacturing and other businesses, distribution centers, and offshore mineral exploration.

Collection of Tax

A tax bill is computed by *multiplying* a property's *assessed value* by *the millage*.

Each December the tax collector for each parish sends property owners a tax bill enumerating the various millages levied and amounts of tax due for each. Taxes are due by

December 31st and if not timely paid the amount will bear interest at a rate of 1% per month until paid. If the taxes remain unpaid, the taxable property will be sold by the tax collector at a tax sale. In the case of immovable property which has been sold at tax sale, the tax debtor has three years within which to redeem the property.

Louisiana Tax Commission

The Louisiana Tax Commission is a state agency vested with broad authority as to the administration and enforcement of the state property tax and assessment laws. The commission is composed of five members appointed by the governor from the state public service commission districts.

In addition to reviewing and accepting assessment lists from each parish, with the authority to reject or order individual changes, the commission devises and issues all forms used for property tax implementation and prepares and issues rules and regulations which prescribe how assessors are to perform their duties and responsibilities.

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