

Millage Rates and Taxing Bodies

When contemplating a possible roll-up of millage rates (taxes), taxing bodies are bound by Louisiana Constitutional and statutory law¹ which mandate that the result of a re-assessment of property on the prior year's tax rolls is to be **revenue neutral**. To be revenue neutral, each affected taxing authority is mandated to roll-back the prior year's millage rate applicable to all property listed on the Parish's 2023 tax rolls approved by the LA Tax Commission. In practice revenue neutral is aspirational as bonds and new millages are not included in the reassessment process. The legislature has made it clear that a property owner is not to pay more taxes simply because their property has increased in value due to market conditions and other such factors. While a governing authority may increase taxes to the maximum millage amount authorized by the voters (unless otherwise limited by prior action or inaction of the taxing authority²) and by placing additional property on the tax rolls, Art. 7, Section 23(C) of the Louisiana Constitution, a nonelected taxing body may only do so at a public meeting scheduled and noticed in accordance with LSA-R.S. 47:1705.1 with approval by two-thirds of the total membership of the taxing body.

Taxing bodies are required to furnish the Assessor and the legislative auditor the millage (tax rate) they intend to impose on or before June 1st each year³ because the Assessor is required to have the tax roll completed by July 1st.⁴ The amount of the millage imposed by a taxing body is to be set forth in one or two separate ordinances or resolutions. The first showing the adjusted or rolled-back millage rate mandated by the Constitution and the second showing the increased millage rate, if any, adopted by a two-thirds vote of the taxing body's board.⁵ By May 1st of each year in which a reassessment occurs, in order to assist taxing bodies in determining the appropriate millage rate(s) to be imposed by the taxing bodies, the Assessor is required by law to provide the taxing body a statement showing the assessed value of taxable property that appeared on the prior year's tax roll before and after reassessment and changes in the homestead exemption, if any.⁶

To be clear, the Assessor is required by law to assist the taxing bodies by providing data available to it as of May 1st; that is all. **The Assessor does not and may not impose a tax on the taxpayers – only the taxing body may do that.** As for the information the Assessor provides the taxing bodies in May⁷ the law does not require the Assessor to know, nor can anyone reasonably expect the Assessor to know at that time what valuation will ultimately be approved by the Parish Council, the Louisiana Tax Commission, and the Courts. For that matter, neither are the taxing bodies expected to predict with absolute precision their future economic situations and adopt budgets reflecting expenses exactly matching revenues. The amount of the tax (millage) imposed by the taxing body in any given year is solely within the province of the taxing body (not the Assessor). Once the millage (tax rate) is imposed, the taxing body's tax rate is reviewed (and

¹ LSA-Const. Art. 7, Section 23(B) and LSA-R.S. 47:1925.4

² La. Atty. Gen. Opinion No. 00-245 (La.A.G.), 2000 WL 1309922

³ LSA-R.S. 47:1705(A)

⁴ LSA-R.S. 47:1987(A)

⁵ LSA-R.S. 47:1705(B)(2)(a) and LSA-R.S. 47:1705(B)(2)(b)

⁶ LSA-R.S. 47:1705(C)

⁷ Note: The reporting dates for compiling the tax roll may be reasonably adjusted by the Assessor as per La. Atty. Gen. Opinion No. 88-21 (La. A.G. 1988) (WL428134); however, the Assessor may not adjust the reporting date to the Louisiana Tax Commission for certification of the tax rolls.

therefore confirmed or not) by the legislative auditor⁸ to assure reasonable compliance with the law considering all factors available at the time. The law recognizes that during the millage rate setting process (May-July), absolute numbers are not available to the Assessor and the taxing bodies; accordingly, LSA-R.S. 47:1705(D) permits the legislative auditor to order changes in the levied tax millage if it discovers errors in the taxing bodies calculation or to assure that the taxing bodies comply with revenue neutrality as mandated by the Louisiana Constitution when a reassessment of property takes place every four years. The invocation of the authority granted the legislative auditor to order a change can only happen when there is certainty about the numbers, which certainty is not available during the rate setting process. Therefore, during the rate setting process, the Assessor, the taxing authorities, and the legislative auditor must deal with the uncertainty using their best efforts to arrive at a fair millage rate – all things being considered. Among the factors to be considered of course, is the fact that the May assessed valuation upon which the tax rate is determined by the taxing bodies is not and cannot be certain until first approved by the Parish governing authority (August-September), all appeals to the Parish Council and Tax Commission have been resolved, the Courts have rendered a final judgment on litigated appeals, the tax roll is certified correct by the Louisiana Tax Commission (on or before November 15th),⁹ the tax revenue has been collected by the Sheriff, and the net tax revenue distributed to the taxing authorities in 2025.

To assure that there is no misunderstanding about the constantly changing nature of reassessment data, consider the following: The process begins with the total assessed valuation of property on January 1, 2023 (the “Base Amount”), which amount is subject to continual adjustment as the value of property shown on the 2023 tax rolls is revalued because of changes in use (residential, commercial, agriculture, timber, public, non-profit, etc.), condition of the property (for instance, has the property been damaged by a storm such as the recent tornado that ravaged property in the Slidell area), ownership (is it now adjudicated to the Parish, owned by a non-profit, etc.), and changing market values (the “Reassessed Amount”). The Assessor adds to the Reassessed Amount, the amount of new property added to the tax rolls since January 1, 2023 (the “New Property Amount”) and the value of Public Service Properties. As per the Constitution,¹⁰ Public Service Properties are assessed by the Louisiana Tax Commission and the results of its assessment are provided the Assessor in August of each year. From the total of these Amounts is deducted newly approved Homestead Exemptions and other exemptions, such as Disability Exemptions, Veterans Exemptions, First Responder Exemptions, and the like identified in LSA-Const. Art. 7, Section 21 (the “Exempted Amount”). With the exception of the Base Amount, which is for the most part fixed by the passage of time, the Reassessed Amount, the New Property Amount, and the Exempted Amount change throughout the year. Only the changes resulting from property transfers are cut off in July. As such, the Assessed Valuation of property within the Parish and the boundaries of the various taxing authorities can only be the amount reflected at the time a request for such information is made to the Assessor or when one chooses to review the Assessor’s tax roll. The Parish tax roll is always a work-in-progress even after the tax bills have been sent by the Sheriff. Accordingly, as of May 1st of each year after reassessment, the Assessor is required to make estimate what the reassessment value of all taxable property will be after submitting the tax rolls to the Parish Council, appeals to the Parish Council and to the Tax Commission have

⁸ LSA-R.S. 47:1705(D)

⁹ LSA-Const. Art. 7, Section 18(E)

¹⁰ LSA-Const. Art. 7, Section 18(D)

concluded, the tax rolls have been certified and approved by the Tax Commission, the Courts' have rendered final judgments on all appeals, and all 2024 property tax revenue has been collected by the Sheriff and Ex-Officio Tax Collector.

Assessed valuation numbers presented to a taxing body in May of any year, more so in a reassessment year, are interim numbers, subject to change until the Louisiana Tax Commission has provided the Public Service Properties amount (August), the Parish Council and Tax Commission have decided all appeals (September), the Assessor's tax rolls have been approved and certified by the Louisiana Tax Commission (November). Even then, there normally are change orders submitted after the first of the new tax year and the Court's final judgments on appeals are received. In the end, the amount of property tax revenue realized by a taxing body will not be known with certainty until the final tax sale and adjudication has been completed by the Sheriff and Ex-Officio Tax Collector in July or so of the next calendar year. **If the assessed valuation estimated by the Assessor in May is too low, then the affected taxing body will not have enough tax revenue to provide the services taxpayers and citizens expect of them and the Assessor will be criticized by the taxing bodies. Or, if the estimate is too low, it provides the taxing bodies with an excuse or plausible reason to roll forward and raise taxes. If the assessed valuation estimated by the Assessor is too high, then the taxes imposed on the taxpayers will produce more tax revenue than permitted by the Louisiana Constitution and statutes referenced above.** Thus, the May estimate of the total assessed valuation of reassessed property is estimated conservatively by the Assessor and then discussed with the legislative auditor to ensure agreement that the estimate is reasonable. The resulting estimate then necessarily includes a contingency allowance or "cushion", because it could be high or low and it is inherent in the process. Certainty is achieved only after all 2024 tax revenue has been collected by the Sheriff and the current cycle is completed, and the assessor will be either over or under the estimated total assessed value.

To assist taxing bodies in setting their millage rates in a reassessment year, the law only requires the Assessor to provide the taxing bodies and the legislative auditor with a good faith, reasonable estimate of the assessed value of the taxable property on the 2023 tax rolls before and after reassessment. That being said, in practice, the Assessor does provide his insight to the legislative auditor and the taxing bodies on the amount of tax revenues per mill the taxing bodies can reasonably expect to collect. Beyond that, **it is the sole responsibility of the taxing bodies, with the approval of the legislative auditor, to determine the number of mills to impose on taxpayers in any given year whether higher or lower than our suggested millage rates.**

What happens if the last of the 2024 tax revenue is collected and distributed to the taxing authorities (July 2025) and the Assessor's good faith estimate is not one hundred percent accurate?

- Does the taxing body return to the taxpayer's excess revenues over the amount anticipated when it set the millage rate?*
- Does the taxing body adjust its budget when the next tax cycle begins?*
- Does the taxing body absorb any shortfalls?*
- Does the legislative auditor invoke its authority and require the taxing body to reduce its millage?*

Those are decisions that the taxing body and legislative auditor, respectively, must make if and when the situation presents itself. Regardless, none of these decisions are left to or made by the Assessor because his role in the tax cycle process is limited to the duties prescribed by law.

The legal process described above has been the process in St. Tammany Parish and 62 other Parishes in Louisiana (Orleans Parish is the exception) for at least the last 12 years. The reassessed property value estimate made by the Assessor, the revisions sent to the taxing bodies as new data was received by the Assessor, and the percentage rollback suggested by the Assessor by various taxing bodies for this year were made after consideration of many factors; including, the probability of there being many appeals to the Parish Council, the Tax Commission, and the Courts (assessed values will in some cases be considerably higher than last year's assessed values), the size of the taxing body in terms of tax revenue collected in prior years and its ability to withstand a reduction in estimated tax revenues, the elevated hurricane forecast which suggests a higher than usual possibility of storm damage, and the cloudy economic outlook given the presidential election in November and the up and down forecasts of recession.

Public Service Announcements

A Public Service Announcement was published by the Assessor notifying the public when six Fire Districts intended to consider rolling up their millage, the PSA included the times, dates, and locations of the legally required meetings and the potential tax consequences, and was done by the Assessor in his official capacity as specifically authorized by LSA-R.S. 47:1705(B)(2)(c), which also legally requires the Assessor to publish the dates, times, and locations of any such roll-up millage meetings/hearings on his website.

This is public information that provides notice to taxpayers notice of the scheduled meetings and the possible consequences of a roll-up of their taxes. Pursuant to LSA-R,S, 47:1705(B)(c)(i), the Assessor has the right and authority to publish such Public Service Announcements when a nonelected taxing authority schedules a meeting to consider rolling up the prior year's millage rate.