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Report Highlights

Louisiana Tax Commission

Residential Property Tax Assessments

Audit Control # 40120059
Performance Audit Services • July 2013

Why We Conducted This Audit

The purpose of this report was to determine if the Louisiana Tax Commission's (LTC) oversight of parish tax assessors ensures that residential property tax assessments are accurate.

What We Found

LTC's oversight of parish tax assessors does not ensure that residential property tax assessments are accurate. We found the following:

- LTC did not follow up on properties that were assessed by parish tax assessors outside of the 9% to 11% acceptable range of their fair market value. As a result, we found some homeowners who owed significantly more in property taxes than their neighbors despite the properties having similar fair market values.

Same Neighborhood Property Comparison Example



Property A
Living Area: 2,848 square feet
LTC's Fair Market Value: \$569,600
Assessor's Assessed Value*: \$65,000
Percent of Fair Market Value: 11.4%
2012 Taxes Due: \$8,534.47



Property B
Living Area: 2,812 square feet
LTC's Fair Market Value: \$562,400
Assessor's Assessed Value*: \$23,760
Percent of Fair Market Value: 4.2%
2012 Taxes Due: \$2,469.72

Property owner A owes 246% more in 2012 property taxes than owner B.

* The Constitution requires parish tax assessors to assess residential property at 10% of its fair market value.

Source: Prepared by legislative auditor's staff using information obtained from LTC's ratio studies and parish tax roll data.

- LTC approved over \$118 million in assessment decreases and \$10 million in increases submitted by parish tax assessors for business and residential properties for calendar years 2010 through 2012 without determining the accuracy of the new assessments.
- LTC does not ensure that parish tax assessors reappraise residential properties every four years as required by the Louisiana Constitution. We found that 130,212 (21%) of 620,310 residential properties from the 33 parishes in our sample had the same fair market value in 2012 as in 2007.

We also found that LTC has begun studying the feasibility of a statewide homestead exemption database, as requested by the Legislature during the 2012 Regular Session. We discovered:

- 721 instances of individuals with multiple homestead exemptions that added up to more than \$7,500 resulting in \$165,320 in potential lost tax revenue in 2011 for those properties.
- 583 instances of individuals with multiple homestead exemptions that added up to more than \$7,500 resulting in \$132,654 in potential lost tax revenue in 2012 for those properties.

View the full report, including management's response, at www.la.gov.