

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 300** HLS 25RS 79
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 14, 2025 9:50 AM **Author:** MACK
Dept./Agy.: Local Government/LA Tax Commission
Subject: Removes the AVT special assessment income cap **Analyst:** Deborah Vivien

TAX/AD VALOREM-EXEMPTION EG DECREASE LF RV See Note Page 1 of 1
 (Constitutional Amendment) Eliminates the income eligibility requirement associated with qualifying for the special assessment level

Present constitution authorizes the assessed value of property receiving the homestead exemption and owned/occupied by certain taxpayers to be frozen at the assessment in place when certain eligibility criteria is attained and verified, including federal adjusted gross income below \$100,000 annually, adjusted for inflation beginning in Tax Year 2026. Eligibility is limited to those 65+, veterans with a service-related disability of 50% or more, members (spouses) of armed forces or national guard killed in action, missing in action or prisoner of war, and the permanently and totally disabled.

Proposed constitutional amendment retains current law regarding eligibility criteria for the special assessment freeze but raises the income limit from \$100,000 to \$150,000 and delays the inflation adjustment from Tax Year 2026 to Tax Year 2028. Proposed amendment prohibits a tax burden transfer from reassessments or millage adjustment due to any loss of local revenue from this bill.

Effective with Tax Year 2027 upon voter approval at the statewide election to be held on November 3, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	DECREASE	DECREASE	DECREASE	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. It is expected by LFO, though not verified by response, that removing the income limit for the AVT special assessment will require local tax system adjustments that are closely related to the existing special assessment with minimal resources required. The Department of State may incur minimal ballot processing costs associated with this measure. Any expenditure impact would be realized in FY 26.

REVENUE EXPLANATION

The bill increases the eligibility pool for the special assessment to include all properties receiving the homestead exemption owned and occupied by those who qualify under the stated criteria (65+, veterans with a service-related disability of 50% or more, members (spouses) of armed forces or national guard killed in action, missing in action or prisoner of war, and the permanently and totally disabled) and with income less than \$150,000 per year, growing by inflation beginning in tax year 2028. The current law income limit is \$100,000 growing by inflation beginning with tax year 2026. As income data related to property ownership is not readily available, the magnitude of the repeal of the income requirement cannot be determined. However, the bill can only serve to decrease ad valorem tax revenue collections as a significant number of properties immediately become eligible for the special assessment on Tax Year 2027 bills and will forgo any increases in assessed value in the future. Local revenue will decrease for any entity funded by a millage or fee that is charged against a special assessment property as the bill prohibits a millage adjustment to accommodate the lower assessments in the bill (although this assessment freeze will presumably be automatically rolled into quadrennial reassessment year adjustments).

The 2024 Tax Commission Annual Report identifies 422,344 properties currently receiving these special assessments statewide. Tax Year 2024 was a quadrennial reassessment year so the next major impact from the bill would be expected with Tax Year 2028 payments, which is also the date that the inflation adjustment to the income limit will begin.

A significant change in local property tax collections could impact the local effort included in the MFP calculation, which in turn could impact SGF, depending on the local taxing structure.

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| <p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p> | <p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p> |
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Alan M. Boxberger
Legislative Fiscal Officer