

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 345** HLS 17RS 941

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 16, 2017 3:33 PM	Author: DAVIS
Dept./Agy.: Local Government	Analyst: Greg Albrecht
Subject: Homestead Exemption - Limited Local Establishment	

TAX/AD VALOREM-EXEMPTION EG SEE FISC NOTE LF RV See Note Page 1 of 1
(Constitutional Amendment) Authorizes a parish local option concerning the amount of assessed value at which the homestead exemption shall apply

Present constitution provides an ad valorem tax exemption to homesteads of \$7,500 of assessed value (\$75,000 of market value).

Proposed constitutional amendment allows a parish governing authority to establish the amount of assessed value above which the homestead exemption shall apply, with voter approval. The amount so established shall not exceed \$2,000 of assessed value (\$20,000 of market value).

To be submitted to the electors at the statewide election to be held on October 14, 2017. Effective January 1, 2018.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<u>\$0</u>
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The proposed amendment does not directly effect governmental revenues, in that it only provides for the authority of parish governments to establish an amount of assessed value, above which the homestead exemption shall apply, with voter approval. The amendment allows local ad valorem taxation of homestead values up to \$2,000 of assessed value (\$20,000 of market value), after which the next \$7,500 of assessed value (\$75,000 of market value) would be exempt, upon local ordinance and voter approval. Any amount established by the locality would increase the local ad valorem tax base subjecting all homes to some property tax, even if a home were valued below \$75,000 (\$7,500 of assessed value), potentially resulting in additional ad valorem tax collections. However, millage adjustments may occur such that aggregate local tax collections are not changed, but a redistribution of taxation among homeowners and other properties would still occur.

A rough idea of local property tax potential is given by analysis done on HB 252 of 2009 requiring statewide taxation of the first \$1,000 of assessed value of all homes. That analysis, while dated, resulted in \$64 million of potential additional local property tax receipts on a statewide basis.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
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Legislative Fiscal Officer