

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 163** SLS 18RS 2

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 28, 2018 9:34 AM	<b>Author:</b> PERRY
<b>Dept./Agy.:</b> Local Governments / La Tax Commission	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Special Assessment With Usufruct and Naked Ownership	

TAX EXEMPTIONS EG SEE FISC NOTE LF RV See Note Page 1 of 1  
 Constitutional amendment to extend special assessment for ad valorem tax purposes on homesteads to apply to persons with usufruct when naked ownership is in trust. (2/3 - CA13s1(A))

Present constitution provides for a special assessment for residential property receiving the homestead exemption (essentially frozen assessed value) in certain circumstances.

Proposed constitutional amendment extends the special assessment benefit to homesteads in trusts under certain conditions.

To be submitted to the electors at the statewide election to be held on November 6, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
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Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

No readily available information quantifying the prevalence homesteads meeting the conditions of this bill has been obtained. The bill seems to target what is likely to be a relatively small number of homesteads (over 1.171 million homestead exemptions exist in the state as of 2017), and grants them the special assessment (frozen assessment), when they do not qualify for the benefit currently.

The Tax Commission's 2017 Annual Report indicates that 176,257 special assessments are currently in effect (15% of total homestead exemptions), and 160,253 or 91% of them are held by persons age 65 or over. The potential new eligibles allowed by this bill would increase the number of special assessments in the state by some unknown amount.

Special assessment does not directly or immediately reduce the local property tax base, but does reduce its growth potential over time. Diminished aggregate growth potential resulting from expanded special assessment may ultimately result in higher millages and the shifting of the tax burden to other taxpayers not receiving the benefit of special assessment.

- 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**