

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



Fiscal Note On: **SB 289** SLS 18RS 247

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 8, 2018	12:08 PM	<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/AD VALOREM Page 1 of 1  
EG1 SEE FISC NOTE LF RV See Note  
Provides relative to the special assessment level for ad valorem tax purposes on homesteads when naked ownership is in trust. (See Act)

Present law provides for a special assessment for residential property receiving the homestead exemption (essentially frozen assessed value) in certain circumstances. Present law doubles the homestead exemption for 100% disabled veterans or their surviving spouses. Present law provides a 100% homestead exemption for the unmarried surviving spouses of certain law enforcement and emergency first-responders who die while on duty.

Proposed law extends the special assessment benefit to homesteads in trusts under certain conditions, and provides for the application of tax payments above the special assessment level as prepayments of subsequent year's taxes due. Proposed law extends the existing homestead exemption benefits for disabled veterans and law enforcement/first-responders to homesteads in trust, as well.

Contingent upon adoption of the constitutional amendment contained in SB 163 of this session, 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>
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>	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) or additional homestead exemption (double or 100%), when they do not qualify currently.

The Tax Commission's 2017 Annual Report indicates that 176,257 preferential 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. In addition, of this total, 5,201 100% disabled veteran assessments are currently in effect, as are 48 for surviving spouses of active duty deaths. The potential new eligibles allowed by this bill would increase these numbers of preferential 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. Double and 100% homestead exemptions does directly reduce the local property tax base. Diminished aggregate growth potential, as well as absolute diminishment of the property tax base may ultimately result in higher millages and the shifting of the tax burden to other taxpayers not receiving the benefit of these preferential assessments.

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*  
**John D. Carpenter**  
**Legislative Fiscal Officer**