



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 414** HLS 23RS 109
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 16, 2023 4:15 PM	Author: NELSON
Dept./Agy.: State and Local Governments	
Subject: State and Local Fiscal Relations	Analyst: Deborah Vivien

TAX OR SEE FISC NOTE GF RV Page 1 of 1
 (Constitutional Amendment) Provides relative to various sources of state and local revenue

Proposed law makes various changes to state and local fiscal relations. (a) raises the maximum amount of general purpose millage rate that can be levied without voter approval, (b) repeals the prohibition of state sales tax on food for home consumption, residential utilities, and prescription drugs, (c) repeals the authority for the legislature to authorize additional local sales taxes with voter approval, (d) prohibits taxation of net income or capital, (e) prohibits state capital outlay funding of nongovernmental entity projects, (f) requires annual reappraisal of property for ad valorem purposes, (g) modifies provisions for exempt properties, (h) prohibits new and renewal industrial tax exemption contracts, (i) phases down the homestead exemption to \$2,000 of assessed value by 2027, (j) phases out the revenue sharing fund, (k) modifies provisions of the Minimum Foundation Program and provides caps on the amount of state general fund that can be used to support the program with more local authority to fund the program, (l) assesses marsh land at fair market instead of use value. Effective on January 1, 2024 except (e) above, which is effective on July 1, 2024. Subject to voter approval on 10/14/23.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
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Annual Total						

EXPENDITURE EXPLANATION
 The proposed constitutional amendment makes significant changes to numerous major components of state and local funding, and the fiscal relationship between the state and local governments. In general, the bill appears to intend to shift funding responsibilities for governmental services away from state government and to local governments. The annual net expenditure consequences to the state and to local governments can not be readily determined but could be significant given the responsibilities transferred that are not currently undertaken and those no longer required.

REVENUE EXPLANATION
 The proposed constitutional amendment makes significant changes to numerous major components of state and local funding, and the fiscal relationship between the state and local governments. In general, the bill appears to intend to shift funding responsibilities for governmental services away from state government and to local governments. The annual net revenue consequences to the state and to local governments cannot be readily determined.

- Major components of the bill for which general dollar amounts can be readily associated include:
- reinstate state sales tax on food for home consumption, residential utilities and prescription drugs - \$1.107 billion
 - prohibit individual and corporate income and franchise taxes - \$5.168 billion (plus outstanding liabilities)
 - phase down the homestead exemption by 73% - \$605 million
 - phase down state general fund allocations to the revenue sharing fund by 100% - \$90 million
 - phase down state general fund allocations to the Minimum Foundation Program to \$3.034 billion - \$892 million
 - eliminate inventory tax credit - ~\$300 million plus to state; ~\$450 million loss to locals

- Major components of the bill for which general dollar amounts cannot be readily associated include:
- responsibility of costs of uncompensated care shifted to parish governing authorities;
 - various local ad valorem tax millage and local sales tax provisions;
 - prohibition of state capital outlay funding for non-governmental entity projects;
 - prohibition of new and renewal industrial tax exemption contracts.
 - assessing marsh land at fair market value.

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