

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 435** HLS 24RS 601
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2024 12:47 PM	Author: GALLE
Dept./Agy.: Assessors/ Tax Commission	Analyst: Benjamin Vincent
Subject: Special Assessment Levels: Married Filing Separately	

TAX/AD VALOREM-EXEMPTION OR DECREASE LF RV See Note Page 1 of 2
 Provides relative to calculation of income of persons whose tax-filing status is married filing separately for purposes of determining eligibility for the special property assessment level
Current Constitution provides that special assessments for certain taxable property, where assessed property values may not be raised beyond an initial amount, are prohibited for taxpayers that report adjusted gross income (AGI) of \$100,000 or more. Current Constitution further provides that for married taxpayers filing separately, the \$100,000 threshold is measured against the sum of each filer's AGI. Current Constitution provides that the \$100,000 threshold will be adjusted annually for inflation beginning in tax year 2026.
Proposed law provides a statutory requirement that the sum of each taxpayer's AGI be used for homes deemed community property, but that only the AGI of the spouse claiming ownership on their federal income tax return shall be used for homes that are deemed separate property.
Proposed law is contingent on enabling legislation in HB 402 pending voter approval in a statewide election on November 5, 2024. Applicable to taxable years beginning on January 1, 2025.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	2024-25	2025-26	2026-27	2027-28	2028-29	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law alters the methodology for establishing eligibility for the special assessment. Assuming documentation requirements are similar to current law, there is no anticipated direct material effect on most governmental expenditures as a result of this measure. However, Orleans Parish would have a short timeframe in which to incorporate these changes into the 2025 tax bills, which could lead to additional expenses.

REVENUE EXPLANATION

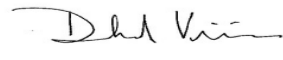
Proposed law expands the set of potential circumstances that would allow for a taxpayer to receive a special assessment on their property. The constitution currently requires that the \$100,000 threshold shall be adjusted annually by the Consumer Price Index beginning in 2026.

Presumably proposed law will allow some properties owned by married taxpayers filing separately with a combined AGI of at least \$100,000 to deem the property as separately owned by a single taxpayer whose AGI alone is below the threshold. This would make the property owner eligible for the special assessment, ultimately reducing property tax liabilities to an indeterminable extent.

The reduction of property tax revenues due to proposed law would depend on the number of taxpayers that would have combined AGI of over an inflation-adjusted \$100,000 to report, the hypothetical assessed values of properties in the scenario where they would no longer qualify for special assessment, and future values of the Consumer Price Index.

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}



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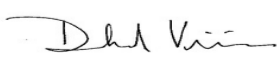
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CONTINUED EXPLANATION from page one:

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