



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 961** HLS 26RS 1365  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

|                                                                             |                                |
|-----------------------------------------------------------------------------|--------------------------------|
| <b>Date:</b> March 11, 2026 1:57 PM                                         | <b>Author:</b> FARNUM          |
| <b>Dept./Agy.:</b> Local Taxing Authorities                                 |                                |
| <b>Subject:</b> Eligibility of trusts for certain ad valorem tax exemptions | <b>Analyst:</b> Garrett Ordner |

TAX/AD VALOREM TAX

OR SEE FISC NOTE LF RV

Page 1 of 1

Extends eligibility to certain trusts for an ad valorem tax exemption for a property owner who is at least sixty-five years of age or older

Proposed law provides that trusts shall be eligible for the proposed ad valorem tax exemption contained in HB 514 of the 2026 RS, if: (1) the settlor of the trust meets the conditions for eligibility for the proposed tax exemption as provided in HB 514; (2) the settlor of the trust was the immediate prior owner of the homestead; (3) the naked ownership of the home was transferred to the trust; (4) the settlor retained a usufruct on the homestead; (5) the settlor continues to occupy the homestead; and (6) the settlor would be eligible for the exemption established pursuant to HB 514 had he retained the naked ownership of the homestead. Effective January 1, 2028, contingent upon the approval of the proposed constitutional amendment contained in HB 514 of the 2026 RS.

| EXPENDITURES   | 2026-27    | 2027-28    | 2028-29    | 2029-30    | 2030-31    | 5 -YEAR TOTAL |
|----------------|------------|------------|------------|------------|------------|---------------|
| 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    | \$0        | \$0        | \$0        | \$0        | \$0        | <b>\$0</b>    |
| Annual Total   | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>    |

| REVENUES       | 2026-27    | 2027-28   | 2028-29   | 2029-30   | 2030-31   | 5 -YEAR TOTAL |
|----------------|------------|-----------|-----------|-----------|-----------|---------------|
| 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    | \$0        | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | <b>\$0</b>    |
| Annual Total   | <b>\$0</b> |           |           |           |           | <b>\$0</b>    |

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The constitution currently provides that trusts may be eligible for the homestead exemption under similar conditions. This measure aligns the eligibility of trusts for the exemption proposed in HB 514 of the 2026 RS with the eligibility of trusts for the homestead exemption.

**REVENUE EXPLANATION**

Proposed law may result in an indeterminable but potentially significant decrease in local ad valorem tax revenues. The extent of the decrease will depend on the extent of adoption of the proposed constitutional amendment contained in HB 514 of the 2026 RS as well as the number of eligible taxpayers who place their home into trusts.

The constitutional amendment in HB 514 allows for the implementation of a graduated ad valorem tax exemption for taxpayers age 65 or older who qualify for the special assessment level, with the amount of the exemption ranging from \$6,000 to \$30,000 of assessed value, depending on the age of the taxpayer. As explained in the fiscal note for HB 514, the tax exemption proposed in HB 514 may result in a significant decrease in ad valorem tax revenues to the extent it is implemented through an election as provided for in HB 514. Proposed law would allow taxpayers receiving this exemption to continue receiving it even if they place their home into a trust.