

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 74** SLS 13RS 307
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2013 5:22 PM	Author: JOHNS
Dept./Agy.: Tax Commission / Local Assessors	Analyst: Greg Albrecht
Subject: Special Assessment For 65 Or Older Without Income Test	

TAX/AD VALOREM OR SEE FISC NOTE LF RV See Note Page 1 of 1

Constitutional amendment to remove the income limit on persons age 65 or older receiving a special assessment on residential property. (1/1/15) (2/3-CA13s1(A))

Current law freezes the assessed value of residential property receiving the homestead exemption for certain persons (65+ years old, certain disabled persons, etc.). An income threshold applies for applicants 65 years old or older for their initial eligibility (currently: adjusted gross income of \$64,655 for tax year 2009 or 2010 for Orleans Parish).

Proposed law would allow the special assessment (frozen assessed value) regardless of income to persons 65 or older.

To be submitted to the electors at the statewide election on November 4, 2014, and effective January 1, 2015.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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	<u>\$0</u>	<u>\$0</u>	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill removes the income requirement to receive special (frozen) assessment for persons 65 years of age or older. Currently, this group is already eligible for special assessment if their income is less than \$69,463 (2013 level). A rough idea of the effects of this change can be observed through state personal income tax data for this age group. Approximately 74% of tax returns for this age group report income below the current threshold necessary for eligibility. Thus, it is likely that the bulk of this population is already eligible for special assessment. This bill would make the rest of this population eligible. Based on tax returns, this could be as many as 60,000 additional special assessment eligibles.

The Tax Commission's 2012 Annual Report indicates that 156,242 special assessments are currently in effect, and 149,114 or 95% of them are held by persons age 65 or over. The potential new eligibles allowed by this bill might increase the level of special assessments in the state by over 30% from current levels. However, some portion of these taxpayers would not be homeowners and would not be eligible even with this bill's provisions in place. Given the absolute number of potential eligibles though, even if only one-half received special assessment as a result of this bill, it would add 30,000 homesteads to the existing count, or an additional 19% to the total.

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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input 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}

John D. Carpenter
Legislative Fiscal Officer