



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

Fiscal Note On: **HB 526** HLS 21RS 202  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 21, 2021 1:31 PM	<b>Author:</b> NELSON
<b>Dept./Agy.:</b> State and Local Government	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> State and Local Fiscal Relations	

TAX EG SEE FISC NOTE See Note Page 1 of 1  
 (Constitutional Amendment) Provides for 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 2026, (j) phases out the revenue sharing fund by FY27, (k) modifies provisions of the Minimum Foundation Program and provides caps on the amount of state general funds that can be used to support the program, and provides for more local authority to fund the program. Certain provisions are effective January 1, 2023, and some on July 1, 2023. To be submitted to the electors at the statewide election to be held on November 8, 2022.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</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>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<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**

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 and expenditure consequences to the state and to local governments can not be readily determined.

**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 and expenditure consequences to the state and to local governments can not 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- \$1.104 billion
- prohibit individual and corporate income and franchise taxes - \$4.431 billion
- phase down the homestead exemption by 73% - \$589 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 \$2.610 billion - \$965 million

Major components of the bill for which general dollar amounts can not 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.

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}

**Christopher A. Keaton**  
**Legislative Fiscal Officer**