

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 389** HLS 06RS 98
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Sub. Bill For.:
 Proposed Amd.:

Date: June 5, 2006 9:02 AM	Author: TRICHE
Dept./Agy.: LA Tax Commission / Local Governments	Analyst: Greg Albrecht
Subject: Homestead Exemption - Extend to Revocable Trusts	

TAX EXEMPTIONS/HOMESTEAD EN NO IMPACT LF RV See Note Page 1 of 1
 (Constitutional Amendment) Extends the homestead exemption to property owned in a revocable living trust

Current law extends the homestead exemption to property owned by an irrevocable trust under certain conditions.

Proposed law removes the requirement that the trust be irrevocable, and allows homestead exemption to property owned by a trust. All other requirements to receive the exemption are retained.

To be submitted at the statewide election on September 30, 2006.

EXPENDITURES	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>5 -YEAR TOTAL</u>
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Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

According to the LA Tax Commission, situations involving homesteads held in a trust are an increasingly common issue between homeowners, assessors, and the Commission. The requirement that the trust be an irrevocable trust was recently added to the Constitution by Act 929 of the 2004 regular session, effective December 7, 2004, and has caused confusion on the part of property owners and disputes with assessors and the Tax Commission in situations where all other requirements for the exemption are met, and the property would normally receive the exemption. Since this provision was recently added to the Constitution and has been a source of tax dispute, it does not reflect a long standing tax base norm. Thus, this bill removing the irrevocable trust requirement is not likely to have a significant effect on local tax bases; reducing them or shifting the tax burden from homesteads to other property.

Senate Dual Referral Rules
 13.5.1 >= \$500,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
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Legislative Fiscal Officer