

**SB 806 BY SENATOR DUPRE**

TAX EXEMPTIONS. Constitutional amendment to provide for the application of the homestead exemption to certain people, certain land, to property occupied by a surviving spouse, by certain trusts, to certain property where a usufruct has been granted for a lifetime, and property under bond for deed contracts. (2/3-CA13s1(A))

**SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL**

1. Authorizes homestead exemption for land classified as use value.
2. Deletes provisions changing calculation of assessed value on fair market value rather than use value.
3. Extends the homestead exemption to a former spouse who occupies the homestead and title to the property is in either or both of the former spouses.
4. Removes the restriction that persons owning property in indivision be blood relatives or related by adoption or who are spouses.
5. Removes the lifetime restriction that the homestead exemption extend to property where the usufruct of the property has been granted for the lifetime of no more than two usufructuaries.

**DIGEST OF THE SENATE BILL AS IT LEFT THE SENATE**

Present constitution provides that a "bona fide homestead" consisting of a tract of land or two or more tracts of land up to 160 acres with a residence on one tract and a field, pasture, or garden on the other, buildings and appurtenances, "owned and occupied by any person" is exempt from state, parish, and special ad valorem taxes to the extent of \$7500 of the assessed valuation.

Proposed constitutional amendment provides that the field may have timber on it.

Proposed constitutional amendment provides that the homestead may be owned and occupied by more than one person who owns the property in indivision if such persons are blood relatives, related by adoption, or are spouses.

Proposed law provides that the homestead exemption shall apply to property owned in indivision; however, (except in the case of a surviving spouse) the exemption is limited to the pro rata ownership interest of the person or persons occupying the homestead.

Present constitution defines "use value" as bona fide agricultural, horticultural, marsh, and timber lands.

Proposed constitutional amendment provides that, beginning April 16, 2004, when applying the homestead exemption to land which the taxpayer claims as his homestead in the manner provided by law, the calculation of the assessed value for such land shall be based upon its fair market value and not its use value. However, provides that any exemption granted prior to such date, which was based in part on use value on property occupied on the effective date of the proposed law may continue to be based on use value, provided use value classification remains applicable to the property.

Present constitution extends the homestead exemption to the surviving spouse or minor children of a deceased owner when the homestead is occupied as such and title to it is in either husband or wife but not to more than one homestead owned by the husband or wife.

Proposed constitutional amendment requires the homestead exemption to extend and "apply fully" to the surviving spouse (but not the minor children) when the surviving spouse occupies the homestead and title to it is in the name of (a) the surviving spouse as owner of any interest, (b) the surviving spouse as usufructuary for life, or (c) a testamentary trust established for the benefit of the surviving spouse and the descendants of the deceased spouse or surviving spouse, but not to more than one homestead owned by either the husband or wife, or both.

Proposed constitutional amendment requires the homestead exemption to extend to the following:

- (1) To property owned by an irrevocable trust when the principal beneficiary or beneficiaries of the trust are the settlor or settlors of the trust and were the immediately prior owners of the homestead, and the homestead is occupied as such by a principal beneficiary, but only if the property was qualified for the homestead exemption immediately prior to the transfer to the trust or would have been eligible for the homestead exemption if such property were not owned in trust.
- (2) To property where the usufruct of the property has been granted for the lifetime of no more than two usufructuaries who were the immediate prior owners of the homestead, and the homestead is occupied as such by a usufructuary, and the grant of the usufruct has been made by a person or persons either in the direct ascending or descending line of the usufructuary but only if the property was qualified for the homestead exemption immediately prior to the granting of such lifetime usufruct, or would have been qualified for the homestead exemption if such usufruct had not been granted.
- (3) To a natural person or persons and to an irrevocable trust created by a natural person or persons in which the beneficiaries of the trust are a natural person or persons provided that the provisions of the proposed constitutional amendment are otherwise satisfied.

Proposed constitutional amendment prohibits the granting of a homestead exemption on bond for deed property. However, grandfathers in exemptions granted prior to June 20, 2003 on any property occupied upon the effective date of the proposed constitutional amendment by a buyer under a bond for deed contract as long as "the circumstances giving rise to the exemption at the time the exemption was granted remain applicable."

Proposed constitutional amendment prohibits extending more than one homestead exemption to any person.

Specifies submission of the amendment to the voters at an election to be held on November 2, 2004.

(Amends Const. Art VII, Section 20(A))

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