



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 271** HLS 25RS 396  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> April 10, 2025	12:32 PM	<b>Author:</b> WILLARD
<b>Dept./Agy.:</b> Local Government/LA Tax Commission		
<b>Subject:</b> Increase the homestead exemption		<b>Analyst:</b> Deborah Vivien

TAX EXEMPTIONS/HOMESTEAD OR DECREASE LF RV See Note Page 1 of 1  
(Constitutional Amendment) Increases the amount of the homestead exemption

Present constitution provides a statewide homestead exemption of \$7,500 of assessed value. Additional graduated exemptions are authorized for disabled veterans and to first responders based on the \$7,500 exemption amount.

Proposed constitutional amendment retains current law and increases the homestead exemption by \$5,000 from \$7,500 to \$12,500 of assessed value. Any reduced ad valorem tax collections must be absorbed by the taxing authority and may not result in an additional tax liability to other taxpayers through a subsequent reappraisal, valuation or millage adjustment.

To be submitted to the electors at the statewide election to be held on November 3, 2026, and effective with tax year 2027 if approved.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	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	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>


**EXPENDITURE EXPLANATION**  
There is no anticipated direct material effect on governmental expenditures as a result of this measure. It is expected by LFO, though not verified by response, that increasing the standard deduction will require local tax system adjustments that are closely related to the existing deduction with minimal resources required.  
The Department of State may incur minimal ballot processing costs associated with this measure. Any expenditure impact would be realized in FY 27.

**REVENUE EXPLANATION**  
The bill increases the homestead exemption by \$5,000 or 67% from \$7,500 to \$12,500 of assessed value which implies no ad valorem taxes due on properties with a fair market value up to \$125,000 if approved by voters. Exemptions for disabled veterans and first responders would retain the value of the tiered increases, only now would be added to the new, higher homestead exemption.

Following statewide approval of this amendment, local governments would experience a decrease in taxes which can be rudimentarily estimated as a 67% (5,000/7,500) increase in the value of the homestead exemption (or loss in local property tax revenue). **According to the 2024 Tax Commission Annual Report, all parishes combined exempted \$0.8 B in ad valorem taxation through the homestead exemption in 2023 (2024 for Orleans) and \$1.4 B in 2024 (2025 for Orleans), which would offer a simple estimate for the potential magnitude of a 67% reduction in local revenue statewide of \$536 M to \$938 M annually.** This estimate assumes all properties have a fair market value of at least \$125,000 and can take the full increased exemption. Impacts to Orleans Parish would begin in FY 27 and impact all parishes in FY 28 and beyond. Local revenue will decrease for any entity funded by a millage or fee that is charged against a homestead exempt assessment, potentially by a significant amount.

The bill prohibits the transfer of the eliminated tax burden to other taxpayers in the parish either through increased assessments or millages. It is not clear how ad valorem tax collection variances outside of the bill’s impact, such as normal economic fluctuations in fair market value, will be identified in order to remove the bill’s influence from the mandatory millage roll-back provisions currently in law.

A significant change in local property tax collections could impact the local effort included in the MFP calculation, which in turn could impact SGF, depending on the local taxing structure.

<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)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input checked="" 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}	<b>Alan M. Boxberger</b> <b>Legislative Fiscal Officer</b>