

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 274** HLS 13RS 620

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: April 9, 2013 | 8:13 AM | Author: TALBOT |
| Dept./Agy.: Tax Commission | | Analyst: Deborah Vivien |
| Subject: Homestead Exemption retroactive for five years | | |

TAX EXEMPTIONS/HOMESTEAD OR DECREASE LF RV See Note Page 1 of 1
Provides for the time period in which a homestead exemption may be claimed under certain circumstances

Current law allows a homestead exemption from property tax on the first \$75,000 of assessed value on a primary home. Any erroneous payments, including an unclaimed homestead exemption, may be presented to the Tax Commission within three years of the date of payment.

Proposed law retains current law but allows an unclaimed homestead exemption to be claimed for up to five years after the date of the erroneous payment.

| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$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 | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill essentially extends the prescriptive period for claiming the homestead exemption from three years to five years. To the extent that taxpayers failed to claim the homestead exemption for four or five years beyond the date of the payment of property taxes to which they would have applied, the exemption would now be eligible to be claimed. In judging a possible magnitude, a local assessor indicates that less than 5% of homestead exemptions claimed each year are the result of three year old exemptions. Presumably, there would be fewer exemptions claimed with a four or five year delay, though the value of the exemptions would depend on the assessed value of properties involved. Any exemptions claimed due to the expanded prescriptive period would be paid with local funds, and amount to a refund of property taxes paid. To the extent that filers claim homestead exemptions that are four or five years old, local revenue will decrease.

Assessors may require the taxpayer to collect these refunds from each taxing entity instead of directly from the assessor.

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|---|----------------------------|--|
| <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} |

Gregory V. Albrecht
Chief Economist