

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2020 REGULAR SESSION**

**MEASURE**

2020 BR NUMBER 1838

HOUSE BILL NUMBER 556

**TITLE** AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to property exempt from taxation.

**SPONSOR** Representative Robert Goforth

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>				
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>				

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The measure places a question on the ballot to amend the Constitution of Kentucky to exempt from taxation real property maintained as the permanent residence of the owner who is sixty-five years of age or older.

**FISCAL EXPLANATION:** There is no fiscal impact to placing a question on the ballot to amend the Constitution.

If the amendment is ratified by the voters, the homestead exemption would increase from \$39,300 to the full valuation for property that is owned by and maintained as the permanent residence of a person that is 65 years of age or older. For all other homeowners who qualify for the homestead exemption, the exemption would not increase since KRS 132.810 has incorporated the index adjustment into the homestead exemption calculation since 1974.

There are approximately 439,531 residential houses in Kentucky that are owned by a person who is 65 years of age or older. Using the overall mean value of a house in Kentucky (less the current homestead exemption amount of \$39,300) and the state property tax rate of 12.2 cents per \$100 of valuation, the total estimated fiscal impact for the state reduces revenues by approximately \$67.7 million for FY 21 and

\$70.3 million for FY 22. This total will vary each year as tax rates, property values, and the number of qualifying individuals fluctuate.

**DATA SOURCE(S): US Census Bureau, American Community Survey, 2014-2018 5 Year Public Use Microdata Sample; Kentucky Department of Revenue 2019 Property Tax Rate Book; LRC Staff**

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