# Local Government Mandate Statement Kentucky Legislative Research Commission 2023 Regular Session

## **Part I: Measure Information**

Bill Request #: 342
Bill #: HB 105
<b>Document ID #:</b> <u>579</u>
Bill Subject/Title:         AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to property exempt from taxation.
Sponsor: RepresentativeThomas Huff
Unit of Government:       X       City       X       County       X       Urban-County         Unified Local       V       C       V       C       V       C
$\underline{\mathbf{X}}$ Charter County $\underline{\mathbf{X}}$ Consolidated Local $\underline{\mathbf{X}}$ Government
Office(s) Impacted: Property Valuation Administrator
Requirement: <u>X</u> Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing

### Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 105 proposes a constitutional amendment which would provide an exemption from taxation of any increase in the value of the property that is assessed the later of the year the owner turns 65 years of age or the year the owner purchased the property.

The fiscal impact of HB 105 on local governments regarding revenues would be insignificant due to the provisions of current law that provides for a revenue floor by utilizing a compensatory rate. Property taxpayers age 65 and over will benefit. However; all other property taxpayers, including commercial taxpayers, might see an increase in their property tax rates.

There would be additional record keeping cost regarding those properties affected by the proposal. The amount of cost would be dependent on the number of properties affected and necessary upgrades, if any, to office systems.

The compensatory rate also ensures this would not have any significant impact on the sheriff's fee (based on a percentage) he receives for collecting the tax due.

## The fiscal impact of requiring local governments to add a constitutional amendment to a ballot would be minimal, though for counties with smaller budgets the impact may be minimal to moderate.

By the language of the bill and as allowed by Section 256 of the Kentucky Constitution the proposed amendment would be submitted to the voters at the next regular election at which members of the General Assembly are chosen. This means the proposed amendment would be considered in November 2024.

Balloting and publishing proposed constitutional amendments is a regular duty of county clerks, paid for by the county fiscal court. There are additional programming costs associated with adding a new category (local option question or constitutional amendment) to the ballot on an already scheduled statewide election.

Ballot printing costs are also a factor in election expenses. If the proposed amendment results in additional pages needed for the ballot, that would be an additional cost to the county clerk's office. It has been estimated that the cost of one extra page for a ballot is \$0.25.

# Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II refers to HB 105 as introduced. There are no prior versions.

**Data Source(s):** <u>LRC Staff</u>

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 Reviewer:
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 Date:
 2/8/23