Local Government Mandate Statement Kentucky Legislative Research Commission 2023 Regular Session

Part I: Measure Information

Bill Request #: 55-R1	_		
Bill #: HB 260	_		
Document ID #: 93	_		
Bill Subject/Title: AN AC Kentuc		mendment to Section 170 operty exempt from taxation	
Sponsor: Representative M	Iyron Dossett		
Unit of Government: X C	•	X County X Consolidated Local	Unified Local
Office(s) Impacted: Prop	erty Valuation Ad	ministrator	
Requirement: X Manda	atory Optio	onal	
Effect on Powers & Duties: X Mod	_		

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

HB 260 would increase the homestead exemption to \$60,000 on real property owned and occupied by individuals who are 65 and older or are classified as totally disabled.

The maximum homestead exemption on real estate owned by qualifying individuals is \$46,350 for the 2023 and 2024 tax periods. KRS 138.210 provides that the homestead exemption shall be recalculated every two years to adjust for inflation if the cost-of-living index has changed as much as 1% during that time frame.

The fiscal impact of HB 260 on local governments regarding revenues would be insignificant due to the provisions in current law that provide 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.

Property Valuation Administrators would have additional record keeping cost regarding those taxpayers 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) received for collecting the property 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 260 as introduced.

Data Source(s): LRS Staff

Preparer: WB (JB) Reviewer: KHC Date: 2/15/23