

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2024 Regular Session**

Part I: Measure Information

Bill Request #: 1181

Bill #: SB 23 GA

Document ID #: 5336

Bill Title: AN ACT proposing to create a new section of the Constitution of Kentucky relating to property exempt from taxation.

Sponsor: Senator Michael J. Nemes

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
Government

Office(s) Impacted: County Clerks

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

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

SB 23 GA proposes a constitutional amendment to exempt from taxation the increase in value of property that is assessed on an owner who is 65 years old or older beginning either the year an owner turns 65 or the year the owner purchases the property.

The fiscal impact of SB 23 GA on local governments regarding revenues would be minimal due to the provisions of current law that provides for a revenue floor by utilizing a compensatory rate. The loss of revenue will be made up by increasing the rates on properties not qualifying for any exemptions in order to meet the compensatory rate provided by KRS 132.010(6) up to an aggregate revenue increase of 4% as provided by KRS 132.0225 unless the taxing district elects to set a rate that will provide revenue above 4% and follows the statutory provisions for increases above 4%.

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.

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.

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

The costs of SB 23 GA to local governments due to adding a constitutional amendment to a ballot would be minimal, though for counties with smaller budgets the impact may be minimal to moderate.

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. For example, the cost to add a new category to the ballot for Lexington-Fayette Urban County Government, with 286 precincts, has recently been estimated at between \$3,500 and \$4,500, and for Franklin County, with 44 precincts, the cost has been estimated at between \$1,700 and \$2,500.

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.

Data Source(s): LRC Staff

Preparer: Jacob Blevins (MS) **Reviewer:** KHC **Date:** 2/16/24