

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2025 REGULAR SESSION**

MEASURE

2025 BR NUMBER 1131

SENATE BILL NUMBER 67

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

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 _____

FISCAL ESTIMATES	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(\$4,033,000)
EXPENDITURES			\$0
NET EFFECT			(\$4,033,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: This measure places a proposed constitutional amendment on the ballot at the next regular election at which members of the General Assembly are elected. The proposed language for the constitutional amendment creates an additional property tax exemption for homeowners who are 65 years of age or older. If ratified, the amendment will exempt any increase in the valuation of the homeowner’s permanent residence and contiguous real property that is assessed after the later of the year the homeowner turned 65 years old or the year the homeowner purchased the property.

FISCAL EXPLANATION: A state fiscal impact is not expected for proposing a constitutional amendment to be placed on the ballot. If the amendment is ratified, the estimated fiscal impact is discussed below.

The next general election, in which this proposed constitutional amendment could be ratified, occurs in November 2026. Therefore, any fiscal impact from this measure would occur in the years following the current biennium.

This measure exempts increases in home values from property taxation. The average home value assessment for Kentucky homeowners age 65 and over is estimated to increase \$8,033 from 2027 to 2028.

The estimated fiscal impact on General Fund revenues is expected to be negative \$4,033,000 for fiscal year 2029, as detailed in Table 1.

TABLE 1
Estimated Fiscal Impact of SB 67

Estimated Home Value for KY Homeowners 65+ (1/1/2027)	\$229,505
Less 2027 Estimated Homestead Exemption	\$50,328
Net Assessed Value for KY Homeowners 65+ (1/1/2027)	\$179,177
2027 Estimated Number of KY Homeowners 65+	438,894
Approximate Base Year Total Assessed Value for KY Homeowners 65+ (1/1/2027)	\$78,600,000,000
Estimated Home Value for KY Homeowners 65+ (1/1/2028)	\$237,537
Less 2028 Estimated Homestead Exemption	\$50,328
Net Assessed Value for KY Homeowners 65+ (1/1/2028)	\$187,209
2027 Estimated Number of KY Homeowners 65+	438,894
Approximate Initial Year Assessed Value for KY Homeowners 65+ (1/1/2028)	\$82,200,000,000
Estimated Exempted Assessment (Initial Year minus Base Year Assessed Value)	\$3,600,000,000
Inflated to Account for Annual Growth in Number of Qualifying Exemptions	\$3,700,000,000
State Real Property Tax Rate (cents per \$100 of Assessed Value)	10.9
Approximate General Fund Impact (Real Property Tax Receipts) in FY 2029	(\$4,033,000)

DATA SOURCE(S): LRC Staff; US Census data; US National Home Price Index published by The Federal Reserve Bank of St. Louis (FRED); National Association of Realtors (NAR)
PREPARER: Mariah Derringer-Lackey and Cynthia Brown **NOTE NUMBER:** 12 **REVIEW:** JMR
DATE: 1/29/2025