Bill Analysis

Peter A. Cooper *Legislative Service Commission*

H.B. 532

123rd General Assembly
(As Introduced)

Reps. **D. Miller, Flannery, Britton, Krupinski, Grendell, Allen, Gooding, Patton, Pringle, Redfern, Callender, Verich, Jerse, Distel**

BILL SUMMARY

- Increases the tax reduction available to elderly and disabled homeowners under the homestead exemption.
- The increase takes effect for tax year 2000 taxes, which become payable in 2001.
- Increases the FY 2001 appropriations for reimbursing taxing districts for the increased homestead exemption tax reduction.

CONTENT AND OPERATION

Homestead exemption--current law

(secs. 323.152 and 4503.065)

The homestead exemption is available for residences (including manufactured homes) that are owned and occupied by persons who are elderly or disabled and who have limited incomes. To be eligible for the homestead exemption, a household must have income (after certain adjustments) of $23,000 or less, and the owner or the owner's spouse must be either (1) disabled, (2) at least 65 years of age, or (3) at least 60 years of age and the surviving spouse of a person who received the exemption at the time of death. The exemption is in the form of a reduction in the taxable value of the residence, which translates into a reduction in the tax bill. The extent of the reduction in taxable value depends on a person's income, with greater reductions afforded to those with relatively lower incomes, as follows:

Income	Reduction in taxable value
$0 to 11,900	$5,000 or 75% (lesser of the two)[1]
$11,900 to 17,500	$3,000 or 60% (lesser of the two)
$17,500 to 23,000	$1,000 or 25% (lesser of the two)

The foregoing income limits and taxable value reduction amounts are to be indexed to increases in general price inflation beginning in 2001.

Increase in the tax reduction

(sec. 323.152)

The bill increases the amount of the reduction in taxable value corresponding with each of the three income brackets. The existing $1,000 reduction is increased to $2,500; the $3,000 reduction is increased to $5,000; and the $5,000 reduction is increased to $7,500. The increased reduction amounts will continue to be indexed to increases in inflation beginning in 2001. The increase in the reduction amounts applies only to real property and manufactured homes classified as real property for tax purposes; it does not apply to manufactured homes and mobile homes that receive the homestead exemption.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-04-00	p. 1482

H0532-I.123/rss

[1] *The lesser of the two usually will be the dollar amount. In order for a residence to receive a 60% reduction in taxable value, for example, it would have to have a taxable value of $5,000 or less, which equates to an appraised market value of only $14,286.*