Bill Analysis

Peter A. Cooper *Legislative Service Commission*

H.B. 693

123rd General Assembly
(As Introduced)

Reps. **Healy, Stevens, D. Miller, Taylor, Allen, Sulzer, Tiberi, DePiero, Bender, Distel, Pringle, Redfern, Barrett, Winkler, Hartnett, Britton, Aslanides, Sullivan, Metelsky, Flannery**

BILL SUMMARY

- Expands eligibility and increases benefits under the homestead exemption for elderly and disabled homeowners by increasing the income limits.

CONTENT AND OPERATION

Current homestead exemption law

Eligibility

(secs. 323.151(A) and 323.152(A))

The homestead exemption is available for residences (including manufactured homes and mobile 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:

Current law

Income	**Reduction in taxable value**[1]
$0 to 11,900	$5,000 or 75% (lesser of the two)
$11,901 to 17,500	$3,000 or 60% (lesser of the two)
$17,501 to 23,000	$1,000 or 25% (lesser of the two)

The bill increases these income eligibility amounts as follows:

Proposal

Income	**Reduction in taxable value**
$0 to 14,200	$5,000 or 75% (lesser of the two)
$14,201 to 20,900	$3,000 or 60% (lesser of the two)
$20,901 to 27,500	$1,000 or 25% (lesser of the two)

Effective date; effect on recent enactment

(Section 3)

The bill's increases in the income eligibility amounts begin to apply in tax year 2000 (i.e., taxes payable in 2001). If, because of the bill's increased income limits for 2000, a homeowner becomes eligible for the exemption or becomes eligible for a greater tax reduction than they currently receive, the homeowner may apply for the exemption or increased tax reduction within 90 days after the bill's effective date, even if the normal application deadline (June 5, 2000) has passed. This extended application deadline also applies to owners of manufactured or mobile homes for 2001.

---

[1] *The lesser of the percentage or the dollar amount will be the dollar amount for all but the most modestly valued homes. For example, for the 60% tax reduction to be less than $3,000, a home must have a fair market value of less than $14,286.*

The increases in the income eligibility amounts recently made by S.B. 6 (enacted in 1999) still apply to 1999. And, the indexing of the tax reduction amounts under S.B. 6, scheduled to start in 2002 (for real property) and 2003 (for manufactured and mobile homes), is unaffected by the bill--indexing of the tax reduction amounts will proceed as scheduled under S.B. 6.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	05-09-00	p. 1903

H0693-I.123/ejs