



H.B. 24

124th General Assembly
(As Introduced)

Reps. D. Miller, Oakar, Seaver, Sullivan, Woodard, Beatty, Patton, Flannery, Sulzer, Wilson, Metelsky, Distel, Cirelli, Fedor, Redfern, Hartnett, Otterman, Jerse, Krupinski, Strahorn, Sferra, Ford, Callender, Britton, Boccieri, Barrett, Allen, DiPiero, Perry, Jones, Coates

BILL SUMMARY

- Increases the tax reduction available to elderly and disabled homeowners under the homestead exemption.
- The increase takes effect for tax year 2001 taxes, which become payable in 2002.

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 \$23,700 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:

<u>Income</u>	<u>Reduction in taxable value</u>
\$0 to 12,300	\$5,000 or 75% (lesser of the two) ¹
\$12,301 to 18,000	\$3,000 or 60% (lesser of the two)
\$18,001 to 23,700	\$1,000 or 25% (lesser of the two)

The foregoing income limits and taxable value reduction amounts are indexed annually to account for increases in general price inflation.

Increase in the tax reduction

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 increase in the reduction amounts applies only to both real property and manufactured and mobile homes.

Because the bill increases the tax reduction amounts for 2001, it delays the beginning of the indexing of those amounts until 2002. The tax reduction amounts were scheduled to be indexed beginning in 2001 under S.B. 6 of the 123rd General Assembly. (Section 3.)

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-31-01	p. 107

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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.*