

SB 151 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Sub-Referral To: Senate Committee On Rules

Meeting Dates: 2/14

WHAT THE MEASURE DOES:

Creates homestead property tax exemption available to owner-occupied principal dwellings owned by a taxpayer, either real or personal property, and the tax lot upon which dwelling is located. Specifies computation of exemption for dwellings located in a multiunit building that includes principal dwelling portion and building's common elements. Initially sets homestead exemption value at first \$10,000 of real market value with indexing requirement beginning in 2020 using U.S. City Average Consumer Price Index, rounded to the nearest multiple of \$500. For homestead exemption to become effective, requires approval before the people of Senate Joint Resolution 3 at November 2018 general election.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Applying the FY 2015-16 statewide weighted average tax rate of \$17.11 per \$1,000 of real market value against the specified \$10,000 homestead exemption yields a tax savings of about \$170. As tax rates vary by property location, actual reduction in tax due to a homestead exemption would also vary.

Senate Joint Resolution 3 (SJR 3) is a constitutional amendment that would require local taxing district imposed ad valorem property taxes to be imposed on the real market value of a property. SJR 3 requires Legislative Assembly to provide by law an exemption from ad valorem property taxes imposed on a homestead. SJR 3 is to be submitted to the people for their approval or rejection at the November general election.