Homestead Exemption

The What

The Benefit

The Shift

The What
State law Title 36 Chapter 105 §683

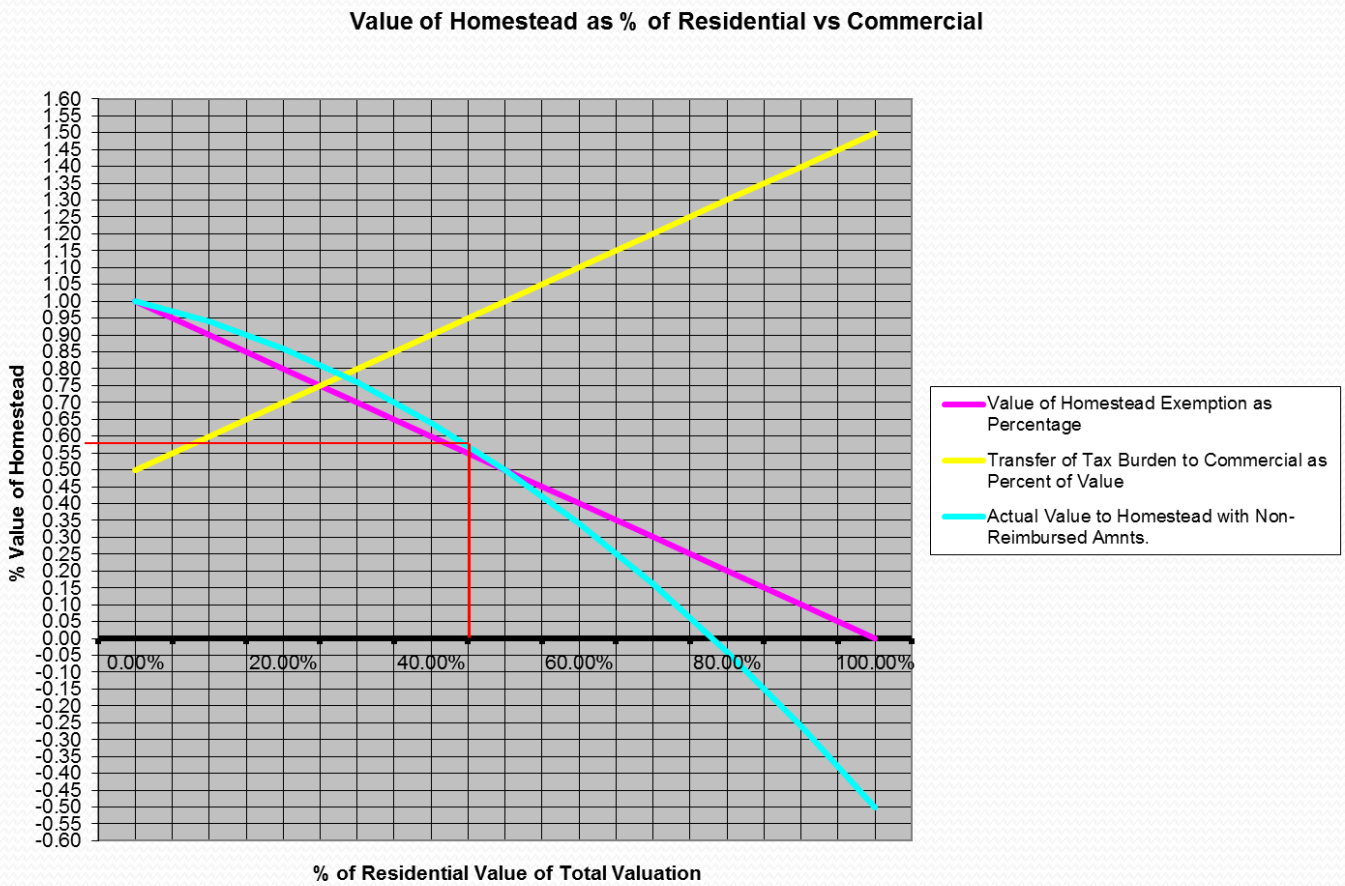
1. Exemption amount. Except for assessments for special benefits, the just value of $10,000 of the homestead of a permanent resident of this State who has owned a homestead in this State for the preceding 12 months is exempt from taxation.

1-B. Additional exemption. A homestead eligible for an exemption under subsection 1 is eligible for an additional exemption of $5,000 of the just value of the homestead for property tax years beginning on April 1, 2016 and of $10,000 of the just value of the homestead for property tax years beginning on or after April 1, 2017.

The What
State law Title 36 Chapter 105 §683

3. Effect on state valuation. Fifty percent of the just value of homestead exemptions under subsection 1 and, for additional exemptions under subsection 1-B, 50% of the just value of the exemptions for property tax years beginning April 1, 2016 and 75% of the just value of the exemptions for subsequent property tax years must be included in the annual determination of state valuation under sections 208 and 305.

The Benefit
How Does it Apply?



The Benefit
How Does it Apply?

- The Homestead Exempts the first $10,000 or now $15,000 of Valuation for a Homestead Qualified Property

- It's Value to the Homestead Owner is;
  - [$10,000] x Mil Rate
  - [$10,000] x $22.04/$1,000 = $220.40

The Benefit
How Does it Apply?

Example: For a **Homestead Qualified** Property -
($160,000 Home Valuation) – ($10,000 Homestead) =
$150,000 of Taxable Value
X Mil Rate $22.04
$3,306.00 A Savings of $220.40
A **Non-Homestead Property** of $160,000 will pay
$160,000 of Taxable Value
X Mil Rate $22.04
$3,526.40 A Net Difference of $220.40 or 6.45% more

? The Shift ?

The Shift
How Does it Apply?

The Homestead provides Property Tax Relief

It is TARGETED ONLY to Homestead Props.

It Shifts Tax Burden to ALL Other Properties

It is Paid for 50% from State Taxes

The Other 50% is paid from Local Property Taxes

Local Property Taxes are raised to provide Property Tax Relief – ONLY to certain Properties

The Shift
How Does it Apply?

FY 2015-2016

Assessed Valuation	$1,362,717,690
Hmstd Exempt	$38,518,400
Net Valuation for Mil	$1,324,199,290

State Pays $22.04 x $19,259,200 =$424,472.77

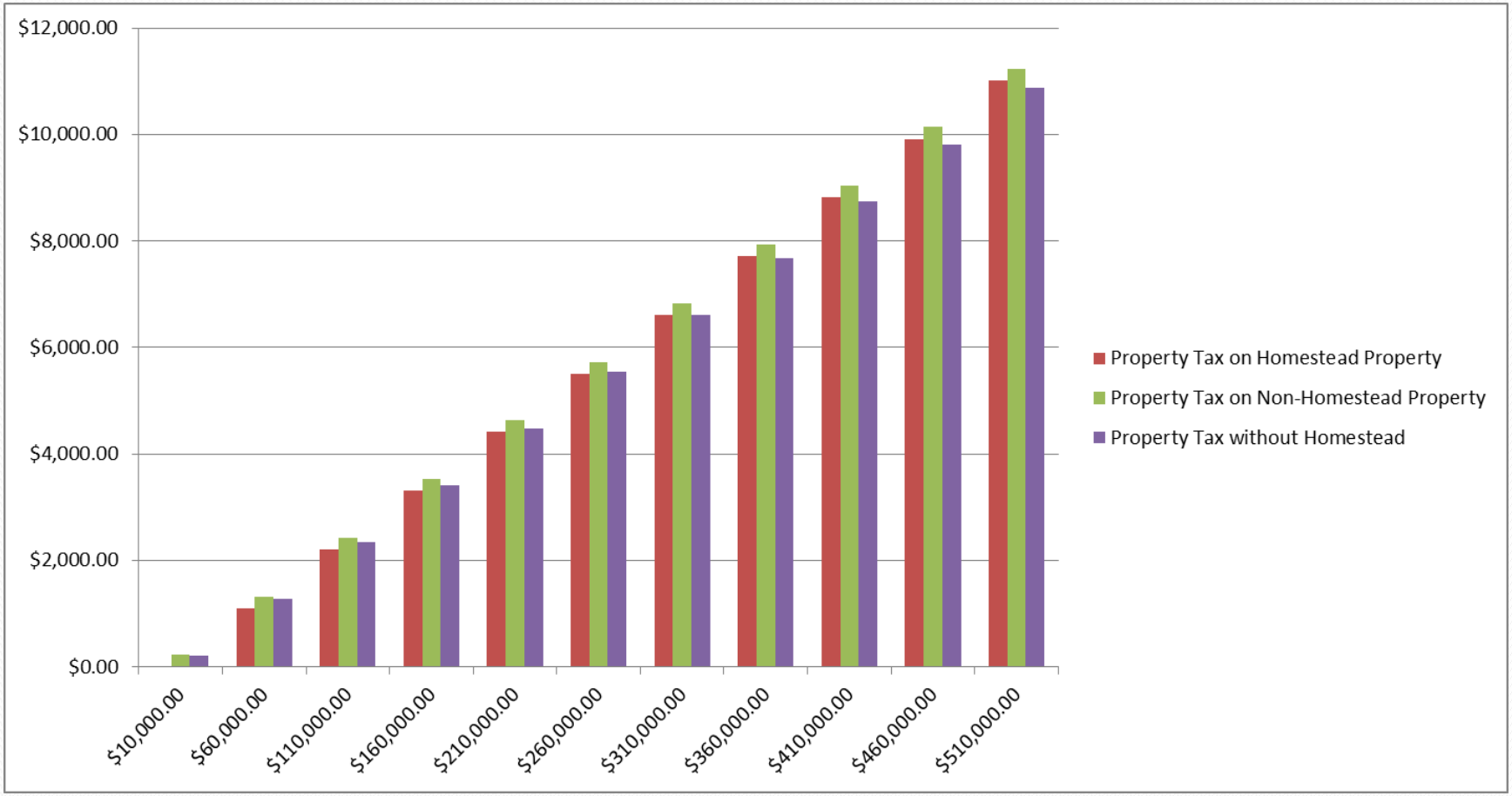
Local Taxes $22.04 x $19,259,200 =$424,472.77*

*This is taxed to ALL Other Properties

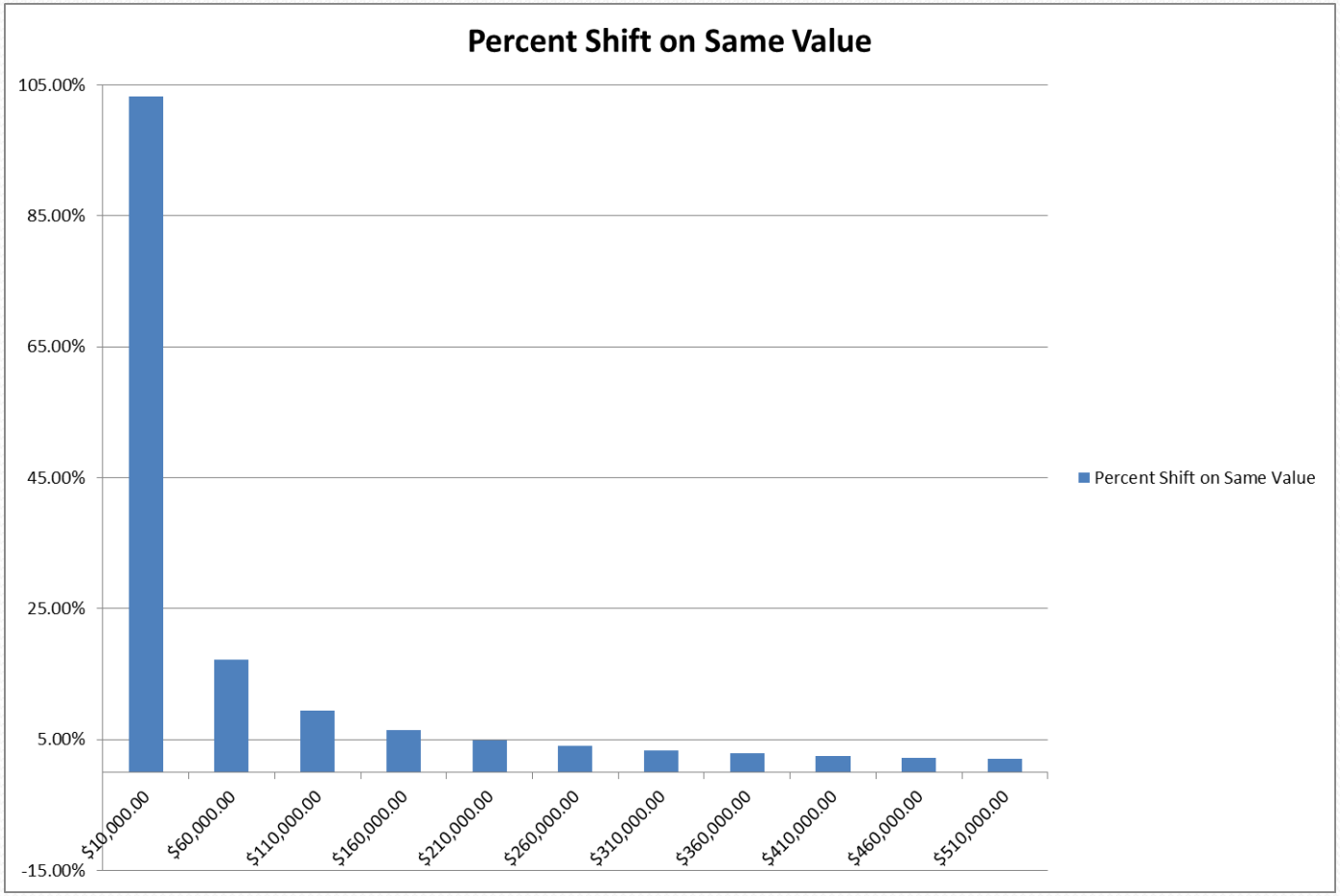
Shift = $38,518,400 x $22.04 Mils = $848,945.53

Shift of 2.83% of the Taxable Base goes to Homestead

The Shift
What does it Look Like?



The Shift
What does it Look Like?



The Benefit
It will Change for FY 2016-2017!

The Exemption will change from $10,000 to $15,000

State still only pays 50%

Local Taxes pay the other 50%

Benefit Changes for a Mil Rate of $22.04/$1,000

- $10,000 was $220.40
- $15,000 becomes $330.60

The Shift

How Does it Apply (with no changes) ?

FY 2015-2016

Assessed Valuation	$1,362,717,691
Hmstd Exempt	$57,777,600
Net Valuation for Mil	$1,304,940,091

State Pays $22.04 x $28,888,800 =$636,709,152

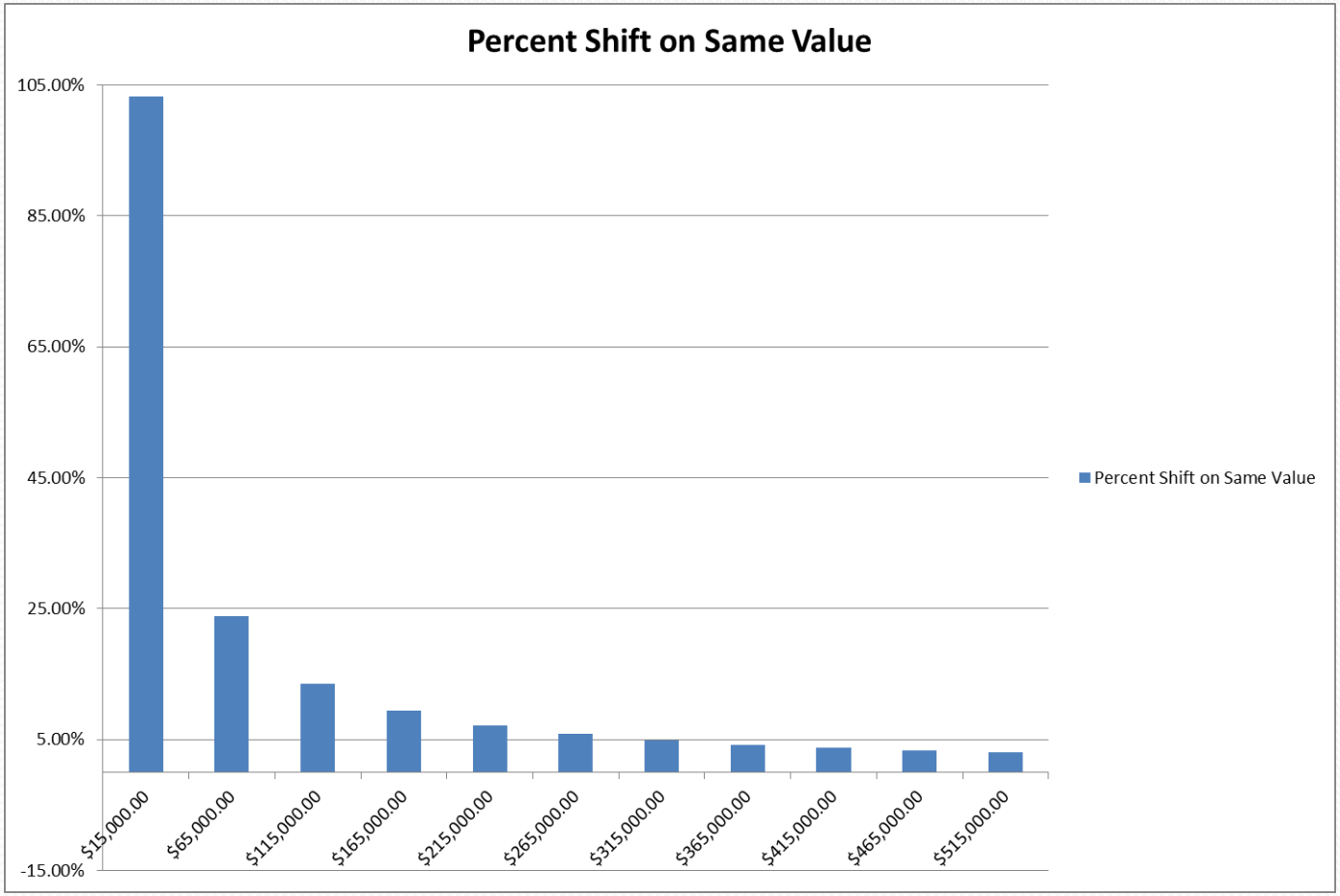
Local Taxes $22.04 x $28,888,800 =$636,709,152*

*This is taxed to ALL Other Properties

Shift = $57,777,600 x $22.04 Mils = $1,273,418,304

Shift of 4.24% of the Taxable Base goes to Homestead

The Shift
What does it Look Like?



The Shift
How Does it Impact the Mil Rate?

	FY 15/16 @ $10,000	FY 15/16 @ $15,000	FY 16/17 @ $15,000
Mil Raised/Shifted	$0.32	$0.49	$0.51
Delta		$0.17	$0.02
Percent Increase		52.21%	4.49%

Summary

- Homestead Exemption is Targeted
- Only Homestead Properties see a Reduction in Taxes
- Half of the Property Tax Relief comes from State Taxes
- Half of the Property Tax Relief comes from Local Taxes
  - The Relief is Targeted ONLY to Homestead Properties

Homestead Exemption Questions?

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Is This Right?