

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1002

Bill Subtitle: TO INCREASE THE HOMESTEAD PROPERTY TAX CREDIT; AND TO REQUIRE A REPORT CONCERNING THE HOMESTEAD PROPERTY TAX CREDIT AND THE BALANCE OF THE PROPERTY TAX RELIEF TRUST FUND.

Sponsors:

Reps. Schulz, Shepherd, L. Fite, Rye, D. Hodges, Pearce, Steimel, Wooldridge, Painter, Walker, Duffield, Puryear, K. Moore, Achor, Andrews, Barker, Beaty, Bentley, M. Berry, S. Berry, Breaux, Brooks, K. Brown, M. Brown, Burkes, Joey Carr, Cavanaugh, Cooper, Crawford, Dalby, Duke, Eaves, Eubanks, Evans, C. Fite, Fortner, Gazaway, Haak, Hawk, Hollowell, Hudson, Jean, Johnson, Ladyman, Lundstrum, Lynch, Maddox, Mayberry, McAlindon, McClure, McCollum, McKenzie, McNair, Miller, J. Moore, Ray, J. Richardson, R. Scott Richardson, Rose, Tosh, Underwood, Vaught, Wardlaw, Warren, Watson, Wing, and Wooten

Sens. Crowell, Boyd, Bryant, Caldwell, Chesterfield, Clark, Davis, Dees, Dismang, English, Flippo, Flowers, Gilmore, Hammer, Hester, Hickey, Hill, Irvin, B. Johnson, M. Johnson, King, Leding, Love, Murdock, Payton, Penzo, Petty, Rice, Stone, Stubblefield, Tucker, and Wallace

Basic Change:

HB1002 increases the Homestead Property Tax Credit from \$425 to \$500, effective for assessment years beginning on or after January 1, 2024. The Homestead Property Tax Credit reduces the amount of real property taxes due on a property owner's qualified homestead for each assessment year. To claim the credit, a property owner registers with the county assessor and provides proof of eligibility for the credit.

The Property Tax Relief Trust Fund is a special revenue fund that consists of revenues generated by a 0.5% sales and use tax. The Fund is used to reimburse counties for their proportionate share of the total statewide property tax reduction for the calendar year. HB1002 requires the Chief Fiscal Officer of the State to submit an annual report on or before January 30 of each year. The annual report must include:

- The balance of the Property Tax Relief Trust Fund;
- Whether the fund could support an increase of the Homestead Property Tax Credit allowed under § 26-26-1118; and
- If the fund has a balance sufficient to support an increase of the Homestead Property Tax Credit allowed under § 26-26-1118, the amount of increase that the fund could support.

The annual report shall be provided to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the members of the Senate and House Committees on Revenue and Taxation, the Governor, the Lieutenant Governor, the Attorney General, the Secretary of State, the Treasurer of State, the Auditor of State, and the Commissioner of State Lands.

Fiscal Impact:

CY2025 Total Impact of Increased Tax Credits - \$46 million

CY2026 Total Impact of Increased Tax Credits - \$47 million

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Taxpayer Impact:

A homeowner that receives the Homestead Property Tax Credit will receive a credit of \$500 against their real property tax liability.

Resources Required:

None.

Time Required:

Adequate time is provided for implementation.

Procedural Changes:

None.

Other Comments:

None.

Legal Analysis:

None.