

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6205**  
**BILL NUMBER: HB 1248**

**NOTE PREPARED:** Nov 21, 2023  
**BILL AMENDED:**

**SUBJECT:** Tax Deduction and Credit for Persons Age 65 or Older.

**FIRST AUTHOR:** Rep. Moseley  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill increases the maximum assessed value (AV) of the real property of an individual at least 65 years of age to be eligible for the over 65 deduction from \$240,000 to \$340,000 for an assessment date between December 31, 2024, and January 1, 2026. It increases the maximum AV limitation for the over 65 deduction by \$1,000 per assessment year thereafter.

The bill also increases the maximum AV of the real property of an individual at least 65 years of age to be eligible for the additional credit for certain homesteads (the over 65 circuit breaker credit) from \$240,000 to \$340,000 for an assessment date between December 31, 2024, and January 1, 2026. It increases the maximum AV limitation for the over 65 circuit breaker credit by \$1,000 annually per assessment year thereafter.

(Current law provides that for an individual who has received the over 65 circuit breaker credit in a previous year, increases in assessed value that occur after the later of December 31, 2019, or the first year that the individual has received the over 65 circuit breaker credit, are not considered unless the increase in AV is attributable to substantial renovation or new improvements.)

**Effective Date:** July 1, 2024.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Beginning with taxes payable in CY 2026, this bill increases the AV limit from \$240,000 to \$340,000 for both the property tax deduction and the tax cap credit available for homeowners that are aged 65 and over. Additionally, the AV cap will be increased by \$1,000 per year beginning with taxes payable in CY 2027.

Both provisions will result in a reduction of local revenues due to an increase in property tax cap losses. The change in the income limit for the deduction will also cause tax shifts from the new taxpayers receiving the deduction to all other taxpayers.

The \$1,000 annual AV limit increase will result in an increase of 0.1% annually in the number of additional taxpayers who may qualify for the deduction and credit.

*Additional Information: Over 65 Property Tax Deduction:* Beginning with taxes due in CY 2026, the change in the AV limit could result in an estimated 21,000 additional taxpayers qualifying for the deduction if they also meet current income limits. The additional deductions could amount to an estimated \$300 M in AV, worth about \$6.5 M in taxes to the recipients. Some of these taxes will be shifted to other taxpayers through increased tax rates, and some will be lost to higher tax cap credits.

[For taxes payable in 2022 under current law, 97,800 taxpayers received the 65 and over deduction totaling \$1.33 B in AV.]

*Property Tax Credit:* Beginning with taxes due in CY 2026, the change in the AV limit could result in an estimated 15,100 additional taxpayers qualifying for the credit if they also meet current income limits. This credit limits the growth in net property tax bills to 2% per year. At least initially, the credits will be minimal but will increase over time.

[For taxes payable in 2023 under current law, 69,200 taxpayers received 65 and over tax cap credits totaling \$31.0 M in tax.]

**State Agencies Affected:**

**Local Agencies Affected:** County auditors; Civil taxing units and school corporations.

**Information Sources:** LSA's property tax database.

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.