



March 25, 2021

SUMMARY OF BILL: Removes certain homestead exemption limitations and instead limits the exemption to a single parcel of land not to exceed five acres in the area. Increases, from not to exceed \$5,000 to the total value of the homestead, the homestead exemption which can be claimed on insurance proceeds gained from a homestead being destroyed by fire.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Tennessee Code Annotated § 26-2-301 provides certain individuals a homestead exemption upon real property which is owned by the individual and used as their primary place of residence. Homestead exemptions vary based on several factors.
- The proposed legislation removes the aggregate value limitation on a homestead exemption as well as the following:
 - An unmarried individual 62 years of age or older, \$12,500;
 - Married couples, one person 62 years of age or older, \$20,000;
 - Married couples, both 62 years of age or older, \$25,000;
 - An individual who has one or more minor children in the individual's custody, \$25,000;
 - Insurance proceeds on homesteads destroyed by fire, \$5,000; and
 - On real estate that is valued greater than \$5,000, but cannot be divided, when the whole tract is sold to utilize the proceeds to pay a debtor, \$5,000.
- Any fiscal impact to state government is estimated to be not significant.
- Tennessee Code Annotated § 26-2-306 provides that the homestead exemption does not apply to property tax liens; therefore, the proposed legislation will not impact property tax collections of local governments.
- It is estimated that the majority of homestead exemptions will be applied to debt between private creditors and property owners.
- Homestead exemptions could potentially apply to fines and fees assessed by a local government; however, the proposed legislation is not expected to result in a significant decrease in fines and fees which would have otherwise been collected by local governments statewide in instances where a homestead exemption would apply.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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