

Subject Increasing the homestead credit state refund maximums, income limitation, and exemption amount for claimants who are seniors or have a disability

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Summary

H.F. 3866 makes three changes to the homestead credit state refund (the property tax refund program for homeowners).

- 1) *Maximum refunds:* Increases the maximum refund for all income ranges currently eligible for the credit by \$500. The table below shows the maximum refunds under current law and under H.F. 3866.
- 2) *Income limitation:* Allows claimants with household incomes between \$126,290 and \$155,000 to qualify for the credit. Co-pays for new claimants would be 50 percent, and income thresholds would range from 2.6 percent to 2.8 percent.
- 3) *Exemption for seniors and claimants with a disability:* Increases the exemption amount for claimants who are seniors or have a disability. Under current law, the exemption amount is set to equal the dependent exemption amount in the state income tax (\$4,450 in tax year 2022). The bill would increase the exemption for claimants who are 65 or older to equal 1.5 times the dependent exemption amount (\$6,675 in tax year 2022).

The bill is effective for 2022 refunds (based on 2022 incomes, 2023 property taxes and payable in 2023).

Maximum homestead credit refund, current law and H.F. 3866 2022 refunds (payable 2023)

Household Income	Maximum Refund, Current Law	Maximum Refund, H.F. 3866
\$0 to \$1,940	\$3,090	\$3,590
\$1,940 to \$3,860	\$3,090	\$3,590
\$3,860 to \$5,850	\$3,090	\$3,590
\$5,850 to \$7,800	\$3,090	\$3,590
\$7,800 to \$9,730	\$3,090	\$3,590
\$9,730 to \$13,640	\$3,090	\$3,590

Household Income	Maximum Refund, Current Law	Maximum Refund, H.F. 3866
\$13,640 to \$15,570	\$3,090	\$3,590
\$15,570 to \$17,530	\$3,090	\$3,590
\$17,530 to \$19,480	\$3,090	\$3,590
\$19,480 to \$21,410	\$3,090	\$3,590
\$21,410 to \$27,270	\$3,090	\$3,590
\$27,270 to \$29,210	\$3,090	\$3,590
\$29,210 to \$33,120	\$3,090	\$3,590
\$33,120 to \$46,720	\$3,090	\$3,590
\$46,720 to \$68,140	\$2,500	\$3,000
\$68,140 to \$77,870	\$2,190	\$2,690
\$77,870 to \$87,620	\$1,810	\$2,310
\$87,620 to \$97,350	\$1,620	\$2,120
\$97,350 to \$107,080	\$1,420	\$1,920
\$107,080 to \$112,930	\$1,190	\$1,690
\$112,930 to \$116,850	\$990	\$1,490
\$116,850 to \$121,570	\$810	\$1,310
\$121,570 to \$126,290	\$600	\$1,100
\$126,290 to \$135,000	Not Eligible	\$850
\$135,000 to \$145,000	Not Eligible	\$600
\$145,000 to \$155,000	Not Eligible	\$350



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