

HOUSE RESEARCH

Bill Summary

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Authors: Dittrich and others

Subject: Property taxation; increasing the market value homestead credit

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Overview

Increases the market value homestead credit for most homes, effective for taxes payable in 2008 and thereafter.

Section

- 1 Residential homestead market value credit.** Modifies the homestead market value credit in three ways:
 - ▶ Indexes the market value at which the maximum homestead credit is received, which also affects the maximum credit amount. Currently the credit reaches its maximum of \$304 at \$76,000; in the first year under the indexing provision the maximum would become \$332 at \$83,000 market value.
 - ▶ Greatly extends the point at which the credit "phaseout" begins. Currently the phaseout begins at \$76,000; under the proposal the phaseout would not begin until \$381,000 of market value, and that value is indexed in future years.
 - ▶ Changes the phase-out rate. Currently the rate is .09%, meaning the credit declines by \$9 per \$10,000 of value. The bill changes the phase-out rate to .304%, meaning the credit declines by \$30.40 per \$10,000 of value.
- 2 Valuation limits.** Provides for the indexing of the market values at which the maximum credit is reached and the phaseout begins. Both are indexed based on the growth in the average homestead value statewide.

