

H.454 Homestead Exemption

Rebecca Sameroff, Deputy Commissioner

Jake Feldman, Senior Fiscal Analyst

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What problems are we trying to solve?:

1. **Timeliness:** Not lagged: sensitive to property value and rate changes in the coming property tax year
2. **Fairness:** Gives more relief to people in lower value homes and towns where property values are lower
3. **Transparency:** Makes it possible for school boards and voters to link school budget decisions to tax bills

Complexity in current law around how people pay gives rise to myths, misinformation, and tax bill surprises.

With a homestead exemption, all homesteads in a town would pay the same property tax rate.

FY24 Current Law Education Taxpayer “Type” by Household Income Group

Income Group	Count	Pay on Income	Pay on Income and Property	Pay on Property
\$0 to \$47,000	33,960	30,610 (90%)*	1,400 (4%)	1,950 (6%)**
\$47,000 to \$90,000	50,020	40,150 (80%)	3,810 (8%)	6,060 (12%)
\$90,000 to \$128,000	32,600	3,800 (12%)	20,430 (63%)	8,370 (26%)
Over \$128,000	56,420	N/A	N/A	56,420 (100%)
All Homesteads	173,00	74,560 (43%)	25,640 (15%)	72,800 (42%)

Working around the current law cliff at \$90,000 (phase-in option):

HHI Group	Exe Year 1	Exe Year 2	Exe Year 3
\$0 to \$25,000	95%	95%	95%
\$25,000 to \$47,000	90%	90%	90%
\$47,000 to \$50,000	80%	80%	80%
\$50,000 to \$60,000	70%	70%	70%
\$60,000 to \$70,000	60%	60%	60%
\$70,000 to \$80,000	50%	50%	50%
\$80,000 to \$90,000	50%	45%	40%
\$90,000 to \$100,000	20%	25%	30%
\$100,000 to \$110,000	20%	20%	20%
\$110,000 to \$115,000	10%	10%	10%