

# Follow-Up Analysis to the Homestead Exemption

House Committee on Ways and Means  
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# Outline

- Review of homestead exemption and modeling assumptions, including what's in the Education Finance Proposal, Draft 1
- Impacts on households with incomes greater than \$115,000
- Homestead property tax rate decrease necessary for all average impacts to be decreases for households with incomes less than \$115,000
- Including housesite caps on the homestead exemption in the Education Finance Proposal, Draft 1.1



# Review of Homestead Exemption and Modeling Assumptions



# Homestead Exemption

- Income-sensitized exemption of a certain portion of a household's property value from the homestead property tax
  - Decreases overall tax liability by decreasing the property value that the tax rate is applied to



# Modeling Assumptions

- Modeling is complex and necessitates multiple assumptions regarding mechanics and levers at play, including:
  - Including only those filers who qualified for a property tax credit (PTC) in fiscal year 2025;
  - Disregarding the PTC lag and assuming the PTC earned in fiscal year 2025 also applies to fiscal year 2025 bills;
  - Projecting 2024 income based on consensus growth equations; and
  - Assuming all else is held equal
- Modeling presented here follows the same assumptions
  - Estimates are preliminary



# Modeling Filer Groups

- This analysis examines households with an estimated income under \$115,000 for the purposes of calculating the fiscal year 2025 property tax credit
- Households that do not qualify for a property tax credit may not submit their household income
- **This means the data for household income groups greater than \$115,000 is incomplete and has not been included in this analysis**

*Estimated number of housesites with a household income under \$115,000 in fiscal year 2025 under current law*

Household Income Group	Equalized Housesite Value Group					Grand Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	2,100	5,300	1,900	1,200	700	11,200
\$25,000 to \$47,000	2,700	9,900	4,500	3,000	1,700	21,800
\$47,000 to \$50,000	300	1,500	800	600	300	3,500
\$50,000 to \$60,000	900	5,000	2,900	2,000	1,100	11,900
\$60,000 to \$70,000	700	4,700	2,900	2,300	1,300	11,800
\$70,000 to \$80,000	500	4,100	2,800	2,300	1,500	11,300
\$80,000 to \$90,000	400	3,400	2,700	2,400	1,700	10,500
\$90,000 to \$100,000	300	3,000	2,500	2,300	1,700	9,800
\$100,000 to \$110,000	300	2,400	2,300	2,300	1,700	9,000
\$110,000 to 115,000	100	1,100	1,100	1,100	900	4,200
<b>Grand Total</b>	<b>8,200</b>	<b>40,400</b>	<b>24,300</b>	<b>19,400</b>	<b>12,700</b>	<b>105,000</b>

*Notes: 1) groupings of equalized housesite value are chosen to be consistent with modeling from the Department of Taxes. Please note that the baskets are not the same size. 2) numbers of households have been rounded to the nearest 100.*



# A More Granular Look at Modeling Filer Groups

*Estimated number of housesites with a household income under \$115,000 in fiscal year 2025 under current law*

Household Income	Equalized Housesite Value Group											Grand Total
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	Above \$500,000	
0 to \$5,000	40	70	90	130	110	70	50	40	***	***	80	<b>730</b>
5,000 to \$10,000	70	120	200	200	150	100	60	40	***	***	20	<b>970</b>
10,000 to \$15,000	200	350	480	490	310	220	130	90	50	20	60	<b>2,390</b>
\$15,000 to \$20,000	260	410	620	700	520	330	210	100	70	50	70	<b>3,320</b>
\$20,000 to \$25,000	230	360	670	830	600	430	280	160	90	50	80	<b>3,780</b>
\$25,000 to \$30,000	220	410	680	900	770	490	350	200	150	60	110	<b>4,350</b>
\$30,000 to \$35,000	240	430	730	920	830	570	380	230	140	80	130	<b>4,670</b>
\$35,000 to \$40,000	250	380	780	1,110	920	600	410	280	160	90	130	<b>5,100</b>
\$40,000 to \$45,000	220	380	760	1,160	1,020	690	480	290	180	90	180	<b>5,440</b>
\$45,000 to \$50,000	190	330	740	1,210	1,130	770	570	340	180	110	190	<b>5,760</b>
\$50,000 to \$55,000	190	350	760	1,180	1,140	890	580	420	210	130	190	<b>6,030</b>
\$55,000 to \$60,000	140	240	720	1,180	1,150	830	650	390	220	130	210	<b>5,860</b>
\$60,000 to \$65,000	130	240	670	1,110	1,180	930	710	410	220	160	260	<b>6,020</b>
\$65,000 to \$70,000	100	190	580	1,100	1,140	880	700	460	260	150	270	<b>5,810</b>
\$70,000 to \$75,000	100	170	500	1,000	1,150	860	700	500	290	190	330	<b>5,770</b>
\$75,000 to \$80,000	70	170	460	970	1,070	890	680	450	270	180	300	<b>5,510</b>
\$80,000 to \$85,000	60	140	370	860	940	870	670	490	320	200	340	<b>5,250</b>
\$85,000 to \$90,000	50	130	400	770	990	870	750	490	310	190	360	<b>5,290</b>
\$90,000 to \$95,000	40	120	340	790	890	790	650	490	310	210	340	<b>4,960</b>
\$95,000 to \$100,000	50	80	330	710	860	800	660	520	300	170	360	<b>4,830</b>
\$100,000 to \$105,000	40	90	290	630	780	740	660	510	290	200	360	<b>4,570</b>
\$105,000 to \$110,000	30	60	210	580	760	740	660	500	330	200	360	<b>4,420</b>
\$110,000 to \$115,000	20	60	180	500	750	710	590	490	350	200	360	<b>4,210</b>

Note: 1) numbers of households have been rounded to the nearest 10. 2) cells with \*\*\* represent the data that have been suppressed.





# Modeling Filer Groups' Average Net Education Property Tax

- Average net education property tax changes across household income group and housesite value group under current law

*Estimated average net education property tax of housesites with a household income under \$115,000 in fiscal year 2025 under current law*

Household Income Group	Equalized Housesite Value Group				
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000
\$0 to \$25,000	\$170	\$240	\$240	\$250	\$2,150
\$25,000 to \$47,000	\$470	\$730	\$740	\$740	\$2,290
\$47,000 to \$50,000	\$750	\$1,200	\$1,230	\$1,260	\$2,780
\$50,000 to \$60,000	\$770	\$1,360	\$1,410	\$1,430	\$2,890
\$60,000 to \$70,000	\$800	\$1,580	\$1,650	\$1,680	\$3,280
\$70,000 to \$80,000	\$800	\$1,790	\$1,900	\$1,930	\$3,540
\$80,000 to \$90,000	\$830	\$1,970	\$2,150	\$2,190	\$3,920
\$90,000 to \$100,000	\$840	\$2,100	\$2,880	\$4,020	\$6,490
\$100,000 to \$110,000	\$840	\$2,190	\$3,130	\$4,270	\$6,620
\$110,000 to 115,000	\$910	\$2,280	\$3,320	\$4,450	\$6,790

*Notes: 1) groupings of equalized housesite value are chosen to be consistent with modeling from the Department of Taxes. Please note that the baskets are not the same size. 2) average liabilities have been rounded to the nearest 10. 3.) this analysis only examines the households with an estimated household income under \$115,000 for the purposes of calculating the fiscal year 2025 property tax credit.*



# A More Granular Look at Modeling Filer Groups' Average Net Education Property Tax

*Estimated average net education property tax of housesites with a household income under \$115,000 in fiscal year 2025 under current law*

Household Income	Equalized Housesite Value Group											
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	\$500,000 to Above \$500,000	Average
<b>0 to \$5,000</b>	\$0	\$10	\$10	\$0	\$10	\$10	\$10	\$40	\$380	\$1,210	\$4,810	<b>\$570</b>
<b>5,000 to \$10,000</b>	\$0	\$30	\$40	\$40	\$40	\$40	\$40	\$80	\$410	\$960	\$6,980	<b>\$180</b>
<b>10,000 to \$15,000</b>	\$80	\$180	\$190	\$190	\$190	\$190	\$190	\$250	\$610	\$1,280	\$3,150	<b>\$270</b>
<b>\$15,000 to \$20,000</b>	\$100	\$250	\$260	\$260	\$260	\$260	\$270	\$300	\$650	\$1,270	\$3,640	<b>\$340</b>
<b>\$20,000 to \$25,000</b>	\$130	\$310	\$340	\$340	\$340	\$340	\$340	\$370	\$700	\$1,390	\$3,200	<b>\$410</b>
<b>\$25,000 to \$30,000</b>	\$180	\$520	\$550	\$550	\$550	\$550	\$550	\$560	\$850	\$1,540	\$4,330	<b>\$650</b>
<b>\$30,000 to \$35,000</b>	\$180	\$590	\$650	\$650	\$650	\$650	\$650	\$650	\$990	\$1,640	\$3,830	<b>\$740</b>
<b>\$35,000 to \$40,000</b>	\$190	\$660	\$740	\$750	\$750	\$750	\$750	\$760	\$1,070	\$1,710	\$3,900	<b>\$820</b>
<b>\$40,000 to \$45,000</b>	\$180	\$730	\$840	\$850	\$850	\$850	\$850	\$850	\$1,150	\$1,810	\$3,990	<b>\$940</b>
<b>\$45,000 to \$50,000</b>	\$300	\$870	\$1,060	\$1,090	\$1,100	\$1,110	\$1,130	\$1,130	\$1,460	\$2,100	\$4,250	<b>\$1,190</b>
<b>\$50,000 to \$55,000</b>	\$370	\$990	\$1,280	\$1,290	\$1,320	\$1,360	\$1,360	\$1,360	\$1,670	\$2,340	\$4,650	<b>\$1,410</b>
<b>\$55,000 to \$60,000</b>	\$410	\$980	\$1,390	\$1,420	\$1,450	\$1,470	\$1,490	\$1,480	\$1,820	\$2,440	\$4,280	<b>\$1,540</b>
<b>\$60,000 to \$65,000</b>	\$390	\$1,020	\$1,470	\$1,530	\$1,580	\$1,600	\$1,610	\$1,630	\$1,920	\$2,600	\$4,730	<b>\$1,690</b>
<b>\$65,000 to \$70,000</b>	\$400	\$1,000	\$1,540	\$1,660	\$1,700	\$1,720	\$1,740	\$1,750	\$2,100	\$2,760	\$4,900	<b>\$1,830</b>
<b>\$70,000 to \$75,000</b>	\$400	\$1,000	\$1,570	\$1,780	\$1,820	\$1,830	\$1,860	\$1,870	\$2,190	\$2,860	\$4,930	<b>\$1,980</b>
<b>\$75,000 to \$80,000</b>	\$410	\$1,020	\$1,610	\$1,900	\$1,950	\$1,970	\$1,980	\$2,010	\$2,320	\$3,030	\$5,140	<b>\$2,110</b>
<b>\$80,000 to \$85,000</b>	\$380	\$1,020	\$1,610	\$2,000	\$2,060	\$2,100	\$2,120	\$2,130	\$2,460	\$3,140	\$5,700	<b>\$2,290</b>
<b>\$85,000 to \$90,000</b>	\$360	\$1,010	\$1,600	\$2,120	\$2,180	\$2,230	\$2,260	\$2,250	\$2,570	\$3,250	\$5,390	<b>\$2,390</b>
<b>\$90,000 to \$95,000</b>	\$400	\$1,010	\$1,590	\$2,150	\$2,360	\$3,010	\$3,680	\$4,300	\$5,040	\$5,670	\$8,020	<b>\$3,390</b>
<b>\$95,000 to \$100,000</b>	\$400	\$1,040	\$1,620	\$2,210	\$2,530	\$3,130	\$3,810	\$4,460	\$5,110	\$5,820	\$8,180	<b>\$3,550</b>
<b>\$100,000 to \$105,000</b>	\$410	\$1,020	\$1,640	\$2,220	\$2,620	\$3,250	\$3,940	\$4,570	\$5,280	\$5,990	\$7,950	<b>\$3,690</b>
<b>\$105,000 to \$110,000</b>	\$450	\$1,040	\$1,620	\$2,200	\$2,760	\$3,360	\$4,030	\$4,720	\$5,350	\$6,090	\$8,180	<b>\$3,900</b>
<b>\$110,000 to \$115,000</b>	\$390	\$1,040	\$1,580	\$2,210	\$2,830	\$3,490	\$4,150	\$4,810	\$5,540	\$6,170	\$8,340	<b>\$4,050</b>

Note: 1) average liabilities have been rounded to the nearest 10.



# The Homestead Exemption Included in the Education Finance Proposal, Draft 1.1



# Homestead Exemption Included in Draft 1.1

- Estimated to cost approximately \$45 million more than current law
  - Because of the iterative nature of modeling changes to the PTC, this \$45 million is estimated to be raised by an income stream *other* than the homestead property tax



# Homestead Exemption Included in Draft 1.1

- The homestead exemption included in the bill steps down the amount eligible for exemption as household income increases

Homestead Exemption Included In Draft 1.1

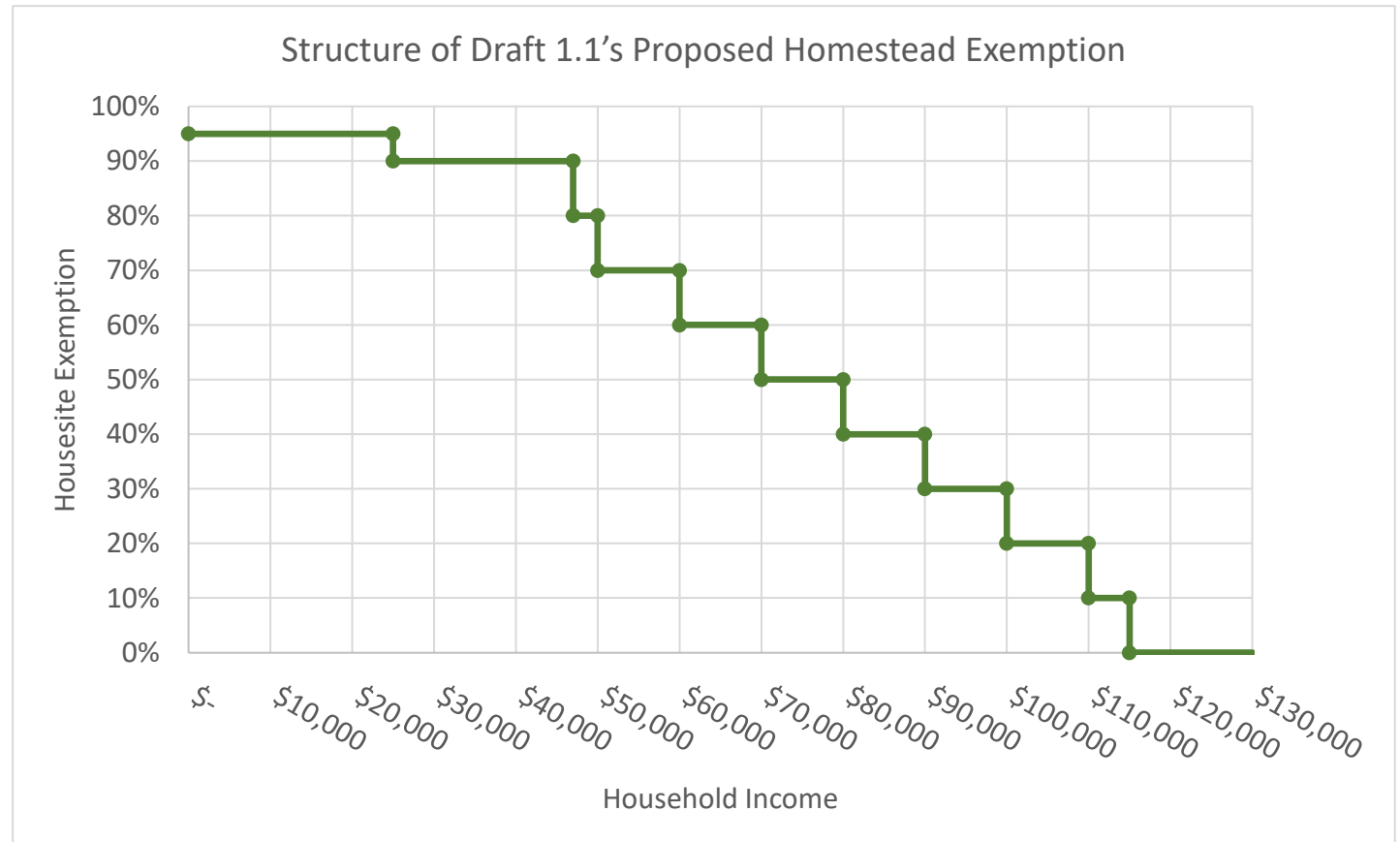
Household Income Group	Housesite exemption
\$0 to \$25,000	95%
\$25,000 to \$47,000	90%
\$47,000 to \$50,000	80%
\$50,000 to \$60,000	70%
\$60,000 to \$70,000	60%
\$70,000 to \$80,000	50%
\$80,000 to \$90,000	40%
\$90,000 to \$100,000	30%
\$100,000 to \$110,000	20%
\$110,000 to 115,000	10%
Over \$115,000	0%



# Structure of Homestead Exemption Included in Draft 1.1

## Homestead Exemption Included In Draft 1.1

Household Income Group	Housesite exemption
\$0 to \$25,000	95%
\$25,000 to \$47,000	90%
\$47,000 to \$50,000	80%
\$50,000 to \$60,000	70%
\$60,000 to \$70,000	60%
\$70,000 to \$80,000	50%
\$80,000 to \$90,000	40%
\$90,000 to \$100,000	30%
\$100,000 to \$110,000	20%
\$110,000 to \$115,000	10%
Over \$115,000	0%



# Average Impact of the Bill's Proposal by Income and Property Value

- Under Draft 1.1:
  - Lower income households are estimated to see an average decrease to property tax bills
  - Households between \$50,000 and \$90,000 with a housesite value between \$300,000 and \$400,000 are estimated to see an average decrease to property tax bills
- For these estimated impacts, the additional \$45 million cost of the exemption would need to be raised somewhere other than the homestead property tax

Average Impact of Draft 1.1's Homestead Exemption Proposal by Income and Property Value

Household Income Group	Equalized Housesite Value Group					Grand Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	\$ (130)	\$ (140)	\$ (70)	\$ (20)	\$ (1,780)	\$ (220)
\$25,000 to \$47,000	\$ (390)	\$ (520)	\$ (400)	\$ (290)	\$ (1,590)	\$ (530)
\$47,000 to \$50,000	\$ (600)	\$ (760)	\$ (560)	\$ (350)	\$ (1,400)	\$ (690)
\$50,000 to \$60,000	\$ (540)	\$ (710)	\$ (390)	\$ (70)	\$ (840)	\$ (520)
\$60,000 to \$70,000	\$ (480)	\$ (700)	\$ (300)	\$ 130	\$ (500)	\$ (410)
\$70,000 to \$80,000	\$ (400)	\$ (680)	\$ (210)	\$340	\$ (60)	\$ (260)
\$80,000 to \$90,000	\$ (330)	\$ (630)	\$ (120)	\$ 530	\$320	\$ (70)
\$90,000 to \$100,000	\$ (250)	\$ (540)	\$ (500)	\$ (830)	\$ (1,560)	\$ (770)
\$100,000 to \$110,000	\$ (160)	\$ (400)	\$ (410)	\$ (640)	\$ (1,080)	\$ (590)
\$110,000 to \$115,000	\$ (80)	\$ (210)	\$ (260)	\$ (370)	\$ (600)	\$ (340)

Notes: 1) average liability changes have been rounded to the nearest 10. 2) Cells highlighted in blue represent household groups that would have an average decrease in estimated liability. Cells in white represent household groups that would have an average increase in estimated liability.



# Average Impact of the Bill's Proposal by More Granular Income and Property Value

Average Impact of Draft 1.1's Homestead Exemption Proposal by Income and Property Value

Household Income	Equalized Housesite Value Group											Grand Total
	\$0 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$150,000	\$150,000 to \$200,000	\$200,000 to \$250,000	\$250,000 to \$300,000	\$300,000 to \$350,000	\$350,000 to \$400,000	\$400,000 to \$450,000	\$450,000 to \$500,000	Above \$500,000	
0 to \$5,000	\$ 50	\$ 40	\$ 70	\$ 120	\$ 140	\$ 180	\$ 210	\$ 200	\$ (100)	\$ (880)	\$ (4,310)	\$ (390)
5,000 to \$10,000	\$ 40	\$ 20	\$ 40	\$ 70	\$ 100	\$ 150	\$ 180	\$ 180	\$ (120)	\$ (650)	\$ (6,350)	\$ (50)
10,000 to \$15,000	\$ (60)	\$ (130)	\$ (110)	\$ (80)	\$ (40)	\$ (10)	\$ 20	\$ -	\$ (320)	\$ (950)	\$ (2,730)	\$ (140)
\$15,000 to \$20,000	\$ (80)	\$ (200)	\$ (180)	\$ (150)	\$ (120)	\$ (82)	\$ (50)	\$ (40)	\$ (370)	\$ (950)	\$ (3,200)	\$ (210)
\$20,000 to \$25,000	\$ (110)	\$ (260)	\$ (250)	\$ (230)	\$ (190)	\$ (160)	\$ (120)	\$ (120)	\$ (410)	\$ (1,060)	\$ (2,780)	\$ (270)
\$25,000 to \$30,000	\$ (150)	\$ (420)	\$ (390)	\$ (330)	\$ (260)	\$ (190)	\$ (120)	\$ (70)	\$ (299)	\$ (903)	\$ (3,400)	\$ (360)
\$30,000 to \$35,000	\$ (140)	\$ (490)	\$ (490)	\$ (430)	\$ (360)	\$ (290)	\$ (220)	\$ (160)	\$ (422)	\$ (1,000)	\$ (2,950)	\$ (450)
\$35,000 to \$40,000	\$ (150)	\$ (560)	\$ (580)	\$ (530)	\$ (460)	\$ (390)	\$ (330)	\$ (260)	\$ (501)	\$ (1,080)	\$ (3,040)	\$ (540)
\$40,000 to \$45,000	\$ (140)	\$ (630)	\$ (670)	\$ (620)	\$ (560)	\$ (490)	\$ (420)	\$ (350)	\$ (584)	\$ (1,180)	\$ (3,130)	\$ (640)
\$45,000 to \$50,000	\$ (240)	\$ (710)	\$ (810)	\$ (730)	\$ (640)	\$ (530)	\$ (430)	\$ (330)	\$ (535)	\$ (1,100)	\$ (2,870)	\$ (700)
\$50,000 to \$55,000	\$ (260)	\$ (690)	\$ (800)	\$ (630)	\$ (450)	\$ (270)	\$ (80)	\$ 120	\$ 20	\$ (430)	\$ (2,040)	\$ (470)
\$55,000 to \$60,000	\$ (280)	\$ (680)	\$ (910)	\$ (750)	\$ (580)	\$ (400)	\$ (210)	\$ (10)	\$ (120)	\$ (550)	\$ (1,810)	\$ (570)
\$60,000 to \$65,000	\$ (230)	\$ (610)	\$ (830)	\$ (640)	\$ (410)	\$ (160)	\$ 100	\$ 360	\$ 330	\$ (70)	\$ (1,320)	\$ (360)
\$65,000 to \$70,000	\$ (240)	\$ (600)	\$ (900)	\$ (770)	\$ (540)	\$ (290)	\$ (30)	\$ 220	\$ 180	\$ (230)	\$ (1,460)	\$ (460)
\$70,000 to \$75,000	\$ (200)	\$ (500)	\$ (770)	\$ (670)	\$ (380)	\$ (60)	\$ 270	\$ 590	\$ 630	\$ 310	\$ (690)	\$ (200)
\$75,000 to \$80,000	\$ (200)	\$ (510)	\$ (790)	\$ (790)	\$ (500)	\$ (190)	\$ 140	\$ 470	\$ 500	\$ 150	\$ (880)	\$ (310)
\$80,000 to \$85,000	\$ (150)	\$ (400)	\$ (640)	\$ (670)	\$ (330)	\$ 40	\$ 430	\$ 830	\$ 930	\$ 670	\$ (340)	\$ (30)
\$85,000 to \$90,000	\$ (140)	\$ (400)	\$ (630)	\$ (770)	\$ (460)	\$ (80)	\$ 310	\$ 700	\$ 790	\$ 520	\$ (290)	\$ (120)
\$90,000 to \$95,000	\$ (110)	\$ (300)	\$ (460)	\$ (600)	\$ (360)	\$ (490)	\$ (690)	\$ (870)	\$ (1,090)	\$ (1,270)	\$ (1,960)	\$ (710)
\$95,000 to \$100,000	\$ (120)	\$ (310)	\$ (480)	\$ (640)	\$ (490)	\$ (620)	\$ (810)	\$ (1,000)	\$ (1,189)	\$ (1,410)	\$ (2,110)	\$ (820)
\$100,000 to \$105,000	\$ (80)	\$ (200)	\$ (320)	\$ (430)	\$ (310)	\$ (380)	\$ (520)	\$ (650)	\$ (770)	\$ (890)	\$ (1,260)	\$ (530)
\$105,000 to \$110,000	\$ (90)	\$ (200)	\$ (320)	\$ (430)	\$ (440)	\$ (510)	\$ (640)	\$ (780)	\$ (886)	\$ (1,030)	\$ (1,470)	\$ (650)
\$110,000 to \$115,000	\$ (40)	\$ (100)	\$ (130)	\$ (210)	\$ (230)	\$ (280)	\$ (350)	\$ (390)	\$ (474)	\$ (560)	\$ (730)	\$ (340)

Note: average liability changes have been rounded to the nearest 10. 2) Cells highlighted in blue represent household groups that would have an average decrease in estimated liability. Cells in white represent household groups that would have an average increase in estimated liability.





# Impacts on Households with Incomes Greater Than \$115,000



# The Exemption Would Only Impact Households with Incomes Greater than \$115,000 if the Increased Cost Were Raised on Homestead Property Taxes

- The homestead exemption in Draft 1.1 is estimated to cost approximately \$45 million more than the current law fiscal year 2025 property tax credit
- This modeling assumes the cost of the exemption is raised somewhere other than homestead property taxes
  - If the increased cost of the exemption is not raised on homestead property taxes, households with incomes greater than \$115,000 would see no change in their tax bill
  - If the increased cost of the exemption were to be raised on homestead property taxes, households with incomes greater than \$115,000 would see an increase their tax bill
  - The statewide impact on bills would depend on the amount the homestead picks up the cost
    - At the individual level, the property value would also determine the impact to bills



# Homestead Property Tax Rate Decrease Necessary for All Average Impacts to be Decreases for Households with Incomes Less than \$115,000



# Decrease of Homestead Tax Rate Could Expand the Number of Households with a Decrease in Their Overall Property Tax Bill

- Decreasing the property tax rate decreases property tax bills
- With the homestead exemption in Draft 1.1, a decrease of the homestead tax rate by approximately \$0.26 is estimated to result in all taxpayers seeing a reduction in liability
  - This is in addition to the estimated increased cost of the homestead exemption
- In fiscal year 2026, a decrease of the homestead tax rate by \$0.26 corresponds with an approximate cost of \$170 million



# Average Impact of Draft 1.1's Proposal with a Homestead Rate Decrease of \$0.26

Average Impact of Draft 1.1's Homestead Exemption Proposal by Income and Property Value with a Homestead Rate Decrease of \$0.26

Household Income Group	Equalized Housesite Value Group					Grand Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	\$ (140)	\$ (160)	\$ (100)	\$ (70)	\$ (1,850)	\$ (240)
\$25,000 to \$47,000	\$ (410)	\$ (560)	\$ (460)	\$ (370)	\$ (1,720)	\$ (580)
\$47,000 to \$50,000	\$ (630)	\$ (850)	\$ (690)	\$ (530)	\$ (1,660)	\$ (810)
\$50,000 to \$60,000	\$ (590)	\$ (840)	\$ (590)	\$ (330)	\$ (1,240)	\$ (710)
\$60,000 to \$70,000	\$ (540)	\$ (880)	\$ (570)	\$ (230)	\$ (1,030)	\$ (680)
\$70,000 to \$80,000	\$ (480)	\$ (910)	\$ (550)	\$ (110)	\$ (730)	\$ (610)
\$80,000 to \$90,000	\$ (430)	\$ (900)	\$ (530)	\$ (10)	\$ (500)	\$ (520)
\$90,000 to \$100,000	\$ (370)	\$ (860)	\$ (970)	\$ (1,460)	\$ (2,510)	\$ (1,300)
\$100,000 to \$110,000	\$ (300)	\$ (770)	\$ (950)	\$ (1,360)	\$ (2,160)	\$ (1,230)
\$110,000 to 115,000	\$ (250)	\$ (630)	\$ (870)	\$ (1,180)	\$ (1,810)	\$ (1,080)

*Note: average liability changes have been rounded to the nearest 10.*



# The Homestead Exemption Included in the Education Finance Proposal, Draft 1.1 with a Housesite Limit of \$400,000



# Limit of \$400,000 on Housesite Value for Exemption

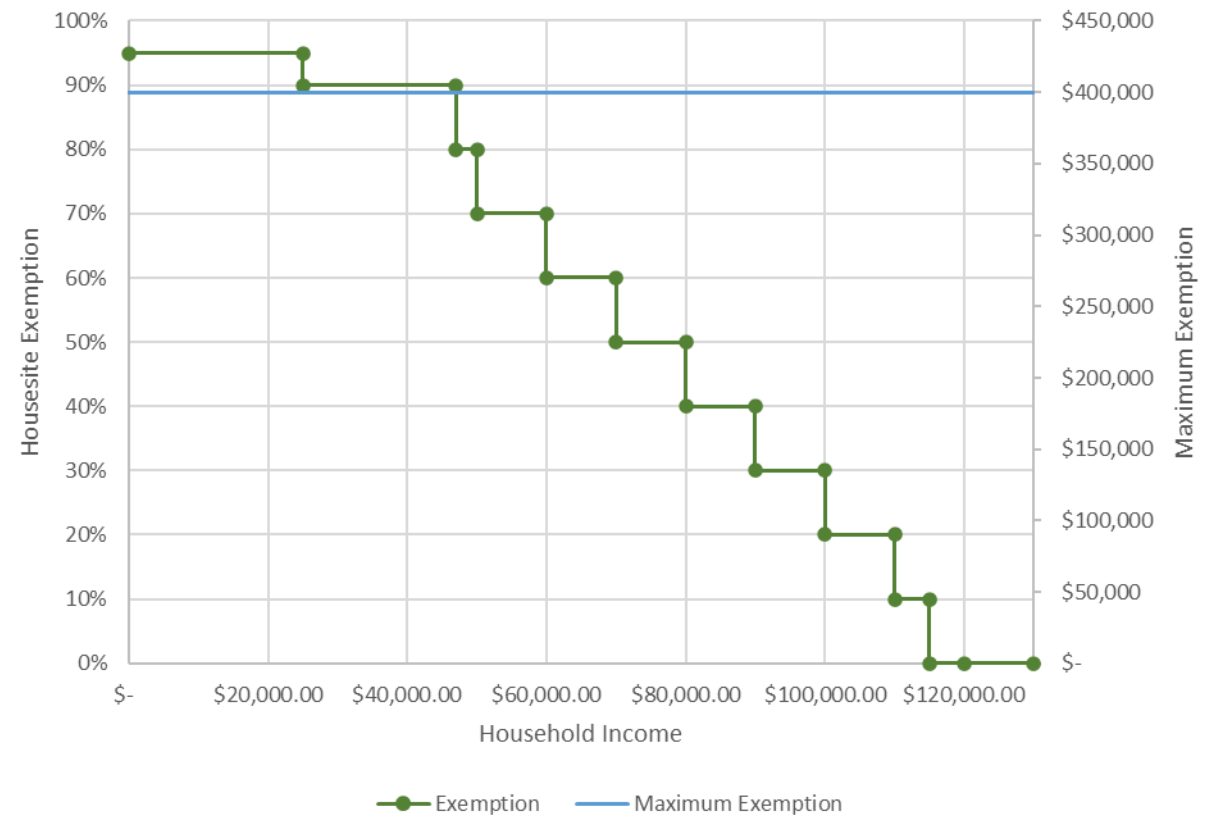
- A limit on housesite value would allow for the exemption to be applied to a certain amount of property value
- The following slides show the estimated impact of a \$400,000 limit on property value
  - With a \$400,000 limit, the exemption would apply to the first \$400,000 of housesite value
  - Introducing a limit of \$400,000 on housesite value is estimated to decrease the cost of the exemption compared to Draft 1.1 by approximately \$10 million
    - Recall, the homestead exemption in Draft 1.1 is estimated to cost approximately \$45 million more than the current law fiscal year 2025 property tax credit
    - In other words, the homestead exemption in Draft 1.1 *with* a \$400,000 housesite exemption is estimated to cost approximately \$35 million more than the current law fiscal year 2025 property tax credit



# Structure of Homestead Exemption Included in Draft 1.1 *with* a Housesite Cap of \$400,000

Homestead Exemption Included In Draft 1.1 *with* a housesite limit of \$400K

Household Income Group	Housesite Exemption	Maximum Exemption
\$0 to \$25,000	95%	\$400,000
\$25,000 to \$47,000	90%	\$400,000
\$47,000 to \$50,000	80%	\$400,000
\$50,000 to \$60,000	70%	\$400,000
\$60,000 to \$70,000	60%	\$400,000
\$70,000 to \$80,000	50%	\$400,000
\$80,000 to \$90,000	40%	\$400,000
\$90,000 to \$100,000	30%	\$400,000
\$100,000 to \$110,000	20%	\$400,000
\$110,000 to \$115,000	10%	\$400,000
Over \$115,000	0%	\$400,000





# Average Impact of Draft 1.1's Proposal with a Housesite Cap of \$400,000 by Income and Property Value

- Including a housesite cap of \$400,000 to the exemption would expand the number of households that would see an increase in liability
- The cap would impact households with a housesite value over \$400,000

Average Impact of Draft 1.1's Homestead Exemption Proposal by Income and Property Value with a Housesite Cap of \$400,000

Household Income Group	Equalized Housesite Value Group					Grand Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	\$ (130)	\$ (130)	\$ (70)	\$ (20)	\$ 30	\$ (100)
\$25,000 to \$47,000	\$ (390)	\$ (520)	\$ (400)	\$ (290)	\$ (190)	\$ (420)
\$47,000 to \$50,000	\$ (600)	\$ (760)	\$ (560)	\$ (350)	\$ (190)	\$ (590)
\$50,000 to \$60,000	\$ (540)	\$ (710)	\$ (390)	\$ (70)	\$ 180	\$ (430)
\$60,000 to \$70,000	\$ (480)	\$ (700)	\$ (300)	\$ 130	\$ 460	\$ (300)
\$70,000 to \$80,000	\$ (400)	\$ (680)	\$ (210)	\$ 340	\$ 740	\$ (150)
\$80,000 to \$90,000	\$ (330)	\$ (630)	\$ (120)	\$ 530	\$ 1,000	\$ 40
\$90,000 to \$100,000	\$ (250)	\$ (540)	\$ (500)	\$ (830)	\$ (1,050)	\$ (680)
\$100,000 to \$110,000	\$ (160)	\$ (400)	\$ (410)	\$ (640)	\$ (770)	\$ (530)
\$110,000 to \$115,000	\$ (80)	\$ (210)	\$ (260)	\$ (370)	\$ (440)	\$ (310)

Notes: 1) average liability changes have been rounded to the nearest 10. 2) Cells highlighted in blue represent household groups that would have an average decrease in estimated liability. Cells in white represent household groups that would have an average increase in estimated liability.



# The Homestead Exemption Included in the Education Finance Proposal, Draft 1.1 with a Housesite Limit of \$500,000



# Limit of \$500,000 on Housesite Value for Exemption

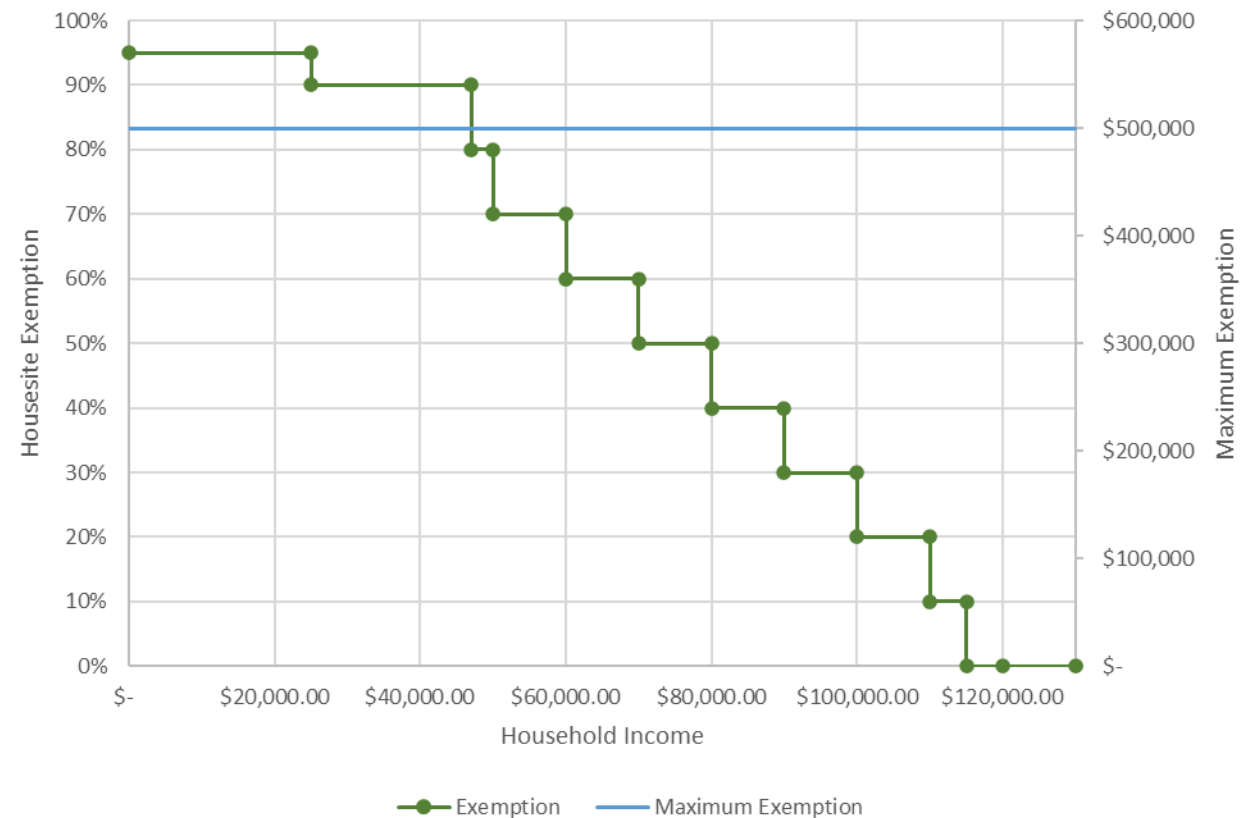
- The following slides show the estimated impact of a \$500,000 limit on property value
- Introducing a limit of \$500,000 on housesite value is estimated to decrease the cost of the exemption compared to Draft 1.1 by approximately \$5 million
  - Recall, the homestead exemption in Draft 1.1 is estimated to cost approximately \$45 million more than the current law fiscal year 2025 property tax credit
  - In other words, the homestead exemption in Draft 1.1 *with* a \$500,000 housesite exemption is estimated to cost approximately \$40 million more than the current law fiscal year 2025 property tax credit



# Structure of Homestead Exemption Included in Draft 1.1 *with* a Housesite Cap of \$500,000

Homestead Exemption Included In Draft 1.1 *with* a housesite limit of \$500K

Household Income Group	Housesite exemption	Maximum exemption
\$0 to \$25,000	95%	\$500,000
\$25,000 to \$47,000	90%	\$500,000
\$47,000 to \$50,000	80%	\$500,000
\$50,000 to \$60,000	70%	\$500,000
\$60,000 to \$70,000	60%	\$500,000
\$70,000 to \$80,000	50%	\$500,000
\$80,000 to \$90,000	40%	\$500,000
\$90,000 to \$100,000	30%	\$500,000
\$100,000 to \$110,000	20%	\$500,000
\$110,000 to \$115,000	10%	\$500,000
Over \$115,000	0%	\$500,000



# Average Impact of the Draft 1.1 Proposal by Income and Property Value with a Housesite Cap of \$500,000

- Including a housesite cap of \$500,000 would expand the number of households that would see an increase in liability
  - The expansion to households that would see an increase in liability would not be as great as a housesite cap of \$400,000
- The cap would impact households with a housesite value over \$500,000

Average Impact of Draft 1.1's Homestead Exemption Proposal by Income and Property Value with a Housesite Cap of \$500,000

Household Income Group	Equalized Housesite Value Group					Grand Total
	\$0 to \$100,000	\$100,000 to \$225,000	\$225,000 to \$300,000	\$300,000 to \$400,000	Over \$400,000	
\$0 to \$25,000	\$ (130)	\$ (130)	\$ (70)	\$ (20)	\$ (830)	\$ (160)
\$25,000 to \$47,000	\$ (390)	\$ (520)	\$ (400)	\$ (290)	\$ (950)	\$ (480)
\$47,000 to \$50,000	\$ (600)	\$ (760)	\$ (560)	\$ (350)	\$ (890)	\$ (650)
\$50,000 to \$60,000	\$ (540)	\$ (710)	\$ (390)	\$ (70)	\$ (410)	\$ (480)
\$60,000 to \$70,000	\$ (480)	\$ (700)	\$ (300)	\$ 130	\$ (80)	\$ (360)
\$70,000 to \$80,000	\$ (400)	\$ (680)	\$ (210)	\$ 340	\$ 290	\$ (210)
\$80,000 to \$90,000	\$ (330)	\$ (630)	\$ (120)	\$ 530	\$ 640	\$ (20)
\$90,000 to \$100,000	\$ (250)	\$ (540)	\$ (500)	\$ (830)	\$ (1,320)	\$ (720)
\$100,000 to \$110,000	\$ (160)	\$ (400)	\$ (410)	\$ (640)	\$ (940)	\$ (560)
\$110,000 to 115,000	\$ (80)	\$ (210)	\$ (260)	\$ (370)	\$ (530)	\$ (330)

Note: 1) average liability changes have been rounded to the nearest 10. 2) Cells highlighted in blue represent household groups that would have an average decrease in estimated liability. Cells in white represent household groups that would have an average increase in estimated liability.



# Questions?



# Resources

- Education Finance Proposal, Draft 1.1
  - <https://legislature.vermont.gov/Documents/2026/Workgroups/House%20Ways%20and%20Means/Bills/DR%20HWM%20Education%20Finance/W~Jon%20Gray~House%20Ways%20and%20Means%20Education%20Finance%20Proposal,%20Draft%201.1~3-28-2025.pdf>

