

Important property tax law change

2011 law change: A New Homestead Market Value Exclusion replaces the Homestead Market Value Credit

The 2011 Legislature repealed the Homestead Residential Market Value Credit and replaced it with a new program called the Homestead Market Value Exclusion. This change is impacting property taxes on all homesteaded and non homesteaded property for taxes payable in 2012.

Old law

All homesteaded property less than \$413,800 in value received a Homestead Residential Market Value Credit. This credit reduced the property taxes billed and was shown on line 4 of the property tax statement mailed in March of each year.

- Homesteaded property received a credit on the amount of property taxes.
- The credit was equal to .4 percent of market value for the first \$76,000 in market value, reaching its maximum level of \$304. The \$304 credit was gradually phased out for homes valued more than \$76,000, until it was reduced to \$0 at a value of \$413,800. The chart at right gives examples of the amount of credit on various valued homes.

Estimated Market Value	Taxable Market Value	Reduction in tax bill CREDIT
\$ 76,000	\$ 76,000	\$ 304
\$ 100,000	\$ 100,000	\$ 282
\$ 150,000	\$ 150,000	\$ 237
\$ 250,000	\$ 250,000	\$ 147
\$ 300,000	\$ 300,000	\$ 102
\$ 350,000	\$ 350,000	\$ 57
\$ 400,000	\$ 400,000	\$ 12
\$ 450,000	\$ 450,000	\$ 0

New law

All homesteaded property less than \$413,800 in value will receive a Homestead Market Value Exclusion. This exclusion will be identified on the valuation notices mailed in March of future years. The taxable value listed on your Proposed Property Tax Statement has been reduced by the amount of the homestead exclusion.

- Homesteaded property no longer receives a credit that reduces the property taxes paid. Instead, a portion of the homestead's property value will be excluded from taxation.
- The Homestead Market Value Exclusion excludes from taxation 40 percent of the value on the first \$76,000 of a property's value. The amount excluded is reduced as the value rises above \$76,000 (the exclusion reduction is equal to 9 percent of the value above \$76,000). Homesteads that exceed \$413,800 in value will receive no homestead exclusion. The chart at right gives examples of the exclusion amount on homes of various values.

Home Market Value	Homestead Market Value EXCLUSION	Taxable Market Value (after Homestead Exclusion)
\$ 76,000	\$ 30,400	\$ 45,600
\$ 100,000	\$ 28,240	\$ 71,760
\$ 150,000	\$ 23,740	\$ 126,260
\$ 250,000	\$ 14,740	\$ 235,260
\$ 300,000	\$ 10,240	\$ 289,760
\$ 350,000	\$ 5,740	\$ 344,260
\$ 400,000	\$ 1,240	\$ 398,760
\$ 450,000	\$ 0	\$ 450,000

Impact

The Homestead Market Value Exclusion may provide some tax relief to homesteads valued below \$413,800 by reducing the taxable market value. The tax burden is transferred to higher-value homes and on commercial, industrial and apartment properties. The amount of the shift depends on the mix of properties within the taxing district.