

FISCAL NOTE

SB 2639

January 11, 2008

SUMMARY OF BILL: Effective January 1, 2008, increases from \$20,000 to \$24,000 the income ceiling for disabled homeowners to qualify for property tax relief for tax year 2006, with increases in subsequent tax years indexed to Social Security cost of living adjustments.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$352,900
Increase Local Gov't. Expenditures –
Exceeds \$100,000 / Permissive

Funding to increase the income ceiling to \$24,000 for disabled taxpayers for tax year 2007 was erroneously included in the general appropriations bill for FY07-08 as part of the funding for Public Chapter 539 (which applied only to elderly taxpayers).

Assumptions:

- The \$24,000 ceiling applies to tax year 2006. According to the Comptroller, the ceiling for tax year 2007, after adjustment for the Social Security cost of living adjustment, will be \$24,980. Increased costs in future years due to indexing will be fully offset by reduced expenditures resulting from fewer taxpayers receiving benefits due to loss of disability, death, or higher income levels.
- According to the Comptroller, an additional 1,780 taxpayers would qualify for payment due to increasing the income ceiling. The payment to each taxpayer for tax year 2007 is estimated to be \$198.26. The total state cost in tax year 2007 will be \$352,900 (1,780 x \$198.26 = \$352,902.80).
- The bill does not increase the amount paid per taxpayer.
- No claims will be successfully asserted for payments retroactive to tax year 2006.
- Some counties and cities also provide property tax relief tied to the state program. These local programs are permissive and it is not possible to estimate accurately how many local governments would expand their programs beyond an estimated permissive increase exceeding \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/kmc