



April 8, 2019

SUMMARY OF ORIGINAL BILL: Increases and creates various levels of homestead exemptions which may be claimed by various property owners. Requires, on April 1, 2021 and every three years thereafter, the Fiscal Review Committee to report any adjustments which should be made to the homestead exemption levels based on certain statistical data.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (007911): Deletes and rewrites all language after the enacting clause such that the substantive changes (1) increase certain homestead exemptions to \$35,000; (2) increase the homestead exemption available to individuals jointly owning real property to \$52,500; (3) delete certain homestead exemptions provided under current law; (4) delete the homestead exemption for agricultural property provided in the original bill; and (5) delete the requirement that the Fiscal Review Committee calculate and report adjustments to the homestead exemption.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Tennessee Code Annotated § 26-2-301 provides certain individuals a homestead exemption upon real property which is owned by the individual and used as their primary place of residence. Homestead exemptions vary based on several factors.
- The proposed legislation increases the homestead exemptions which the following property owners may claim as follows:
 - An individual: increases from \$5,000 to \$35,000;
 - Individuals owning jointly, claiming jointly: from \$7,500 to \$52,500;
- The proposed legislation deletes the following homestead exemptions provided under current law:
 - An unmarried individual 62 years of age or older claiming \$12,500;
 - Married couples, one person 62 years of age or older claiming \$20,000;
 - Married couples, both 62 years of age or older claiming \$25,000; and

- An individual who has one or more minor children in the individual's custody claiming \$25,000.
- The proposed legislation increases the following homestead exemptions for the following situations:
 - The amount of insurance proceeds which are exempt after a homestead is destroyed by fire: from \$5,000 to \$35,000;
 - The amount of surplus which is exempt that is gained from the sale of certain real estate: from \$5,000 to \$35,000; and
 - The amount of surplus which is exempt and provided to a surviving spouse or minor children from the sale of certain real estate: from \$5,000 to \$35,000.
- Any fiscal impact to state government is estimated to be not significant.
- Tennessee Code Annotated § 26-2-306 provides that the homestead exemption does not apply to property tax liens; therefore, the proposed legislation will not impact property tax collections of local governments.
- It is estimated that the majority of homestead exemptions will be applied to debt between private creditors and a property owners.
- Homestead exemptions could potentially apply to fines and fees assessed by a local government; however, the proposed legislation is not expected to result in a significant decrease in fines and fees which would have otherwise been collected by local governments statewide in instances where a homestead exemption would apply.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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