

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1034

Bill Subtitle: TO INCREASE THE HOMESTEAD PROPERTY TAX CREDIT.

Basic Change :

Sponsor: Rep. Rye

HB1034 would increase the Homestead Property Tax Credit from \$350 to \$375 effective for assessment years beginning on or after January 1, 2019. The Homestead Property Tax Credit reduces the amount of real property taxes due on a property owner's qualified homestead for each assessment year. To claim the credit, a property owner registers with the county assessor and provides proof of eligibility for the credit. Arkansas homeowners will receive the benefit of the increased tax credit when paying their real property taxes in 2020.

Revenue Impact :

CY 2020 Total Impact of Increased Tax Credits	-\$12.5M
CY 2021 Total Impact of Increased Tax Credits	-\$12.8M

[During 2018, a total of 716,525 homestead property owners received tax credit benefits of \$229,904,000.84. The reimbursements to Arkansas counties for the tax credits allowed are funded through the one-half of one percent state sales tax deposited to the Property Tax Relief Trust Fund.]

Taxpayer Impact :

Homeowners that received the Homestead Property Tax Credit will receive a credit of \$375 against their real property tax liability.

Resources Required :

None.

Time Required :

Adequate time is provided.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1034 amends § 26-26-1118 to increase the Homestead Property Tax Credit from \$350 to \$375 for each year of assessment beginning on and after January 1, 2019. This credit reduces the amount of property taxes assessed on each homestead, though the assessment shall not be reduced below zero dollars (\$0).