Fiscal Note 2017 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0287		**Title:**	Revise residential property tax credit for the elderly
Primary Sponsor:	Jacobson, Tom		**Status:**	As Introduced

☐ Significant Local Gov Impact ☐ Needs to be included in HB 2 ☐ Technical Concerns

☐ Included in the Executive Budget ☐ Significant Long-Term Impacts ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2015 Difference	FY 2016 Difference	FY 2017 Difference	FY 2018 Difference	FY 2019 Difference
Expenditures:					
General Fund	$0	$0	$0	$0	$0
Revenue:					
General Fund	($360,000)	($360,000)	($360,000)	($360,000)	($360,000)
Net Impact-General Fund Balance	($360,000)	($360,000)	($360,000)	($360,000)	($360,000)

Description of fiscal impact: HB 287 expands the types of homesteads that qualify for the elderly homeowner and renter credit.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Under current law, the elderly homeowner/renter credit may be claimed by individuals who own or rent a taxable home, or who live in county or municipal housing authority facilities. This bill would essentially remove that requirement and allow taxpayers who rent from assisted living or retirement facilities, long-term care facilities, home and community-based facilities, or a similar tax-exempt facility to claim the credit.
2. In 2013, the department discovered that a number of the residents claiming the elderly homeowner and renter tax credit were residing in facilities that did not qualify for the credit under current law. As a result, many of the claims for the credit made by residents of non-qualified residences were reviewed and denied.
3. Examining claims made for the credit in TY 2012 and TY 2013 indicated that the denial of credits for non-qualified residences resulted in a reduction in the amount of credits claimed of $360,000 for TY 2013.

4. It is assumed that HB 287 would result in many of the people who were claiming the credit in TY 2012, but were rejected in TY 2013, becoming eligible for the credit in future tax years. As a result, HB 287 would increase the amount of homeowner and renter credits claimed by $360,000 in TY 2015.
5. The elderly homeowner and renter credit is a refundable individual income tax credit. Taxpayers will be able to claim the entire $360,000 in credits when filing their individual income taxes, resulting in a reduction in general fund revenue of $360,000.
6. HJ 2 projects that the amount of credits claimed through the elderly homeowner and renter credit will not increase from FY 2014 through FY 2017. OBPP also projects no increase in the credit for FY 2018 and FY 2019.
7. Based on the TY 2015 estimated revenue impact of $360,000, and HJ 2 and OBPP's projected growth rates, HB 287 will reduce general fund revenue by $360,000 in FY 2016, FY 2017, FY 2018 and FY 2019.
8. This bill is effective on passage an approval with retroactive applicability for TY 2014. As a result, applicants would be eligible for the tax credit in FY 2015.
9. The department does not expect to incur any costs as a result of HB 287

Fiscal Impact:	**FY 2015 Difference**	**FY 2016 Difference**	**FY 2017 Difference**	**FY 2018 Difference**	**FY 2019 Difference**
Department of Revenue					
Expenditures:					
TOTAL Expenditures	$0	$0	$0	$0	$0
Funding of Expenditures:					
TOTAL Funding of Exp.	$0	$0	$0	$0	$0
Revenues:					
General Fund (01)	($360,000)	($360,000)	($360,000)	($360,000)	($360,000)
TOTAL Revenues	($360,000)	($360,000)	($360,000)	($360,000)	($360,000)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):					
General Fund (01)	($360,000)	($360,000)	($360,000)	($360,000)	($360,000)

Sponsor's Initials *Date* *Budget Director's Initials* *Date*