



# **Overview of the Property Tax Homestead Exemption**

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**Interim Joint Committee  
BR Sub. on Gen. Govt., Finance, Personnel & Public Ret.**

**10/19/22**



# What is the Homestead Exemption?

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The homestead exemption is an exemption that reduces the assessed value of a home by a set amount for the owners who qualify.

Once the property tax rate is applied to the reduced assessed value, the result is a lower property tax bill for the homeowner.

# Homestead Exemption Example



	Without Homestead Exemption	With Homestead Exemption
Fair Cash Value	\$200,000	\$200,000
Homestead Exemption	<u>\$ 0.00</u>	<u>\$ 40,500</u>
Assessed Value	\$200,000	\$159,500
Property Tax Rate (93¢/\$100)	<u>\$ 0.9300</u>	<u>\$ 0.9300</u>
Property Taxes	\$1,860.00	\$1,483.35
<b>Tax Savings</b>		<b>\$376.65</b>



# Kentucky Constitution

## Section 170

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“There shall be exempt from taxation...

- **Real property maintained as the permanent residence of the owner**, who is
- **Sixty-five years of age or older**, or
- **Classified as totally disabled** under a program authorized or administered by an agency of the United States government or by any retirement system either within or without the Commonwealth of Kentucky, provided the property owner received disability payments pursuant to such disability classification, has maintained such disability classification for the entirety of the particular taxation period, and has filed with the appropriate local assessor by December 31 of the taxation period, on forms provided therefor, a signed statement indicating continuing disability as provided herein made under penalty of perjury,
- **Up to the assessed valuation of sixty-five hundred dollars on said residence and contiguous real property**, except for assessment for special benefits.”



# KRS 132.810

## Adjustment to the Homestead Exemption Amount

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“The sixty-five hundred dollars (\$6,500) exemption provided in Section 170 of the Constitution of Kentucky shall be construed to mean sixty-five hundred dollars (\$6,500) in terms of the purchasing power of the dollar in 1972.

Every two (2) years thereafter, if the cost of living index of the United States Department of Labor has changed as much as one percent (1%), the maximum exemption shall be adjusted accordingly.”



# Homestead Exemption Amounts

Years	Amount	Years	Amount	Years	Amount	Years	Amount
1972	\$6,500	1985-1986	\$16,100	1999-2000	\$25,400	2013-2014	\$36,000
1973-1974	\$6,500	1987-1988	\$17,100	2001-2002	\$26,800	2015-2016	\$36,900
1975-1976	\$7,700	1989-1990	\$18,400	2003-2004	\$28,000	2017-2018	\$37,600
1977-1978	\$8,900	1991-1992	\$20,300	2005-2006	\$29,400	2019-2020	\$39,300
1979-1980	\$10,200	1993-1994	\$21,800	2007-2008	\$31,400	2021-2022	\$40,500
1981-1982	\$12,900	1995-1996	\$23,100	2009-2010	\$33,700		
1983-1984	\$15,000	1997-1998	\$24,400	2011-2012	\$34,000		



# Homestead Exemption Application

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- Apply with your local Property Valuation Administrator (PVA)
- Homeowners must provide proof of age or disability status with their application.
- Homeowners who are younger than 65 and classified as totally disabled must apply annually, except:
  - Veterans of US Armed Forces who have a service-connected disability; or
  - Individuals who qualify as totally and permanently disabled under:
    - The applicable rules of the Social Security Administration;
    - The applicable rules of the Kentucky Retirement Systems; or
    - Any other provision of the Kentucky Revised Statutes.

# Homestead Exemption Proposal



FCV in 2022: \$200,000	Current	
FCV at age 65: \$175,000	Homestead	
	Exemption	Proposal
Beginning Value	\$200,000	\$175,000
Homestead Exemption	<u>\$ 40,500</u>	<u>\$ 40,500</u>
Assessed Value	\$159,500	\$134,500
Property Tax Rate (93¢/\$100)	<u>\$ 0.9300</u>	<u>\$ 0.9300</u>
Property Taxes	\$1,483.35	\$1,250.85
<b>Additional Tax Savings</b>	<b>\$232.50</b>	





# Questions