



HB 61 would have no fiscal impact on property valuation administrators. PVAs use a computer program to calculate property tax bills each year, and already have to make adjustments to the system every two years when property values are recalculated. Adjusting to the new homestead exemption would not require any additional time or resources.

HB 61 would have a negative fiscal impact on local government entities that are funded by property tax revenues. The magnitude of this impact would vary depending on a number of factors.

The Fayette County PVA provided an example of how **HB 61** would impact exemption amounts. In 2023, the property value amount that was not taxed under the homestead exemption in Fayette County was \$1,096,651,300. Under **HB 61** this amount would increase by 122% to \$2,438,296,450, which means about \$1.34 billion in property value would no longer be subject to property tax. This represents about 3.6% of Fayette County’s total real property tax basis in 2023 according to Kentucky Department of Revenue.

The median value of homes currently receiving the homestead exemption in Fayette County in 2023 was \$229,000. The fiscal impact in other counties would vary depending on the distribution of qualifying property values in each taxing district.

In addition to city and county governments, local property tax revenues fund school districts and special districts for public services such as libraries, fire protection, health, ambulance, watershed, agriculture, and soil conservation services. Property tax rates levied to fund these entities vary by taxing district.

Data Source(s): Kentucky PVA Association; Fayette County PVA; Kentucky Department of Revenue; LRC Staff

Preparer: Jacob Blevins (MS) **Reviewer:** KHC **Date:** 1/26/24