

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 236 - SB 399**

February 26, 2019

**SUMMARY OF 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.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- 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 \$150,000;
  - Individuals owning jointly, claiming jointly: from \$7,500 to \$250,000;
  - An unmarried individual 62 years of age or older: from \$12,500 to \$375,000;
  - Married couples, one person 62 years of age or older: from \$20,000 to \$600,000;
  - Married couples, both 62 years of age or older: from \$25,000 to \$750,000; and
  - An individual who has one or more minor children in the individual's custody: from \$25,000 to \$750,000.
- 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 \$150,000;
  - The amount of surplus which is exempt that is gained from the sale of certain real estate: from \$5,000 to \$150,000; 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 \$150,000.
- The proposed legislation creates the following homestead exemption:
  - Individuals or married couples owning up to 160 acres of agricultural land, including any dwelling, may claim up to \$750,000.
- Any fiscal impact to state government is estimated to be not significant.

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- 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.
- The Fiscal Review Committee staff will accomplish the required analysis utilizing existing staff and resources.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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