

**LEGISLATIVE SERVICES AGENCY**  
**OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**  
**FISCAL IMPACT STATEMENT**

**LS 6682**

**BILL NUMBER:** HB 1238

**NOTE PREPARED:** Dec 18, 2025

**BILL AMENDED:**

**SUBJECT:** Assessment of Homesteads.

**FIRST AUTHOR:** Rep. Dvorak

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

<b>SUMMARY of Estimated Local Net Revenue (\$ Millions)</b>		
	<b>CY 2027</b>	<b>CY 2028</b>
<b>Current Law</b>	<b>11,485.5</b>	<b>11,661.7</b>
<b>Proposed</b>	<b>N/A</b>	<b>11,600.1</b>
<b>Revenue Change From Current Law</b>	<b>N/A</b>	<b>-61.6</b>
<b>% Change From Current Law</b>	<b>N/A</b>	<b>-0.5%</b>

**Summary of Legislation:** This bill provides that, beginning with the January 1, 2027, assessment date, the assessed value of real property that qualifies as a homestead shall only be adjusted upon the sale, devise, descent, or conveyance of the real property. It provides that the assessed value of such real property may not be adjusted before the sale, devise, descent, or conveyance of the real property unless requested by the owner of the real property.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** This bill may result in a minor decrease in workload for the Department of Local Government Finance. They would no longer need to include real property that qualifies as a homestead when adopting rules for the annual adjustments process.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under this bill, gross assessed values for real property that qualifies as a homestead may be reduced by an estimated \$34 B statewide for taxes payable in CY 2028. The reduction in assessed valuation will cause tax rates to increase, shifting taxes from homesteads to all other property types. The increased tax rates also will cause an increase in tax cap losses for taxing units in areas where tax caps have been met.

Taxing unit revenues will be lower under this bill as compared to current law. The reductions are estimated at \$61.6 M in CY 2028. Following are net tax change and revenue summaries by property type and unit type. These estimates assume the following:

- The ownership of *all* real property parcels that qualify as a homestead stays the same from the January 1, 2026, assessment date to the January 1, 2027, assessment; and
- The owners have *not* requested an adjustment of their respective homestead property's gross assessed value.

Estimated Net Tax Change (\$ Millions) and Percent Change from Current Law		
Property Type	CY 2028	
Homesteads	-214.6	-4.6%
Farmland	10.4	2.3%
Other Residential	26.3	1.8%
Apartments	12.2	1.9%
Ag Business	5.2	2.6%
Other Real	69.6	2.4%
Personal Property	29.3	2.0%
<b>Total</b>	<b>-61.6</b>	<b>-0.5%</b>

*Note: Totals may not sum due to rounding.*

Estimated Net Revenue Change (\$ Millions) and Percent Change from Current Law		
Unit Type	CY 2028	
Counties	-21.9	-1.1%
Townships	-3.7	-1.0%
Cities and Towns	-32.0	-1.4%
School Corporations	-42.7	-0.9%
Libraries	-3.3	-0.8%
Special Units	-9.4	-1.2%
TIF	51.4	4.4%
<b>Total</b>	<b>-61.6</b>	<b>-0.5%</b>
<b>Total Without TIF</b>	<b>-112.9</b>	<b>-1.1%</b>

*Note: Totals may not sum due to rounding.*

(These estimates are based on the property tax model used during the 2025 session of the General Assembly. They may be updated once the model update for the 2026 session is complete. Additionally, the net local revenue estimates provided in the summary table at the beginning of this fiscal note were updated at the beginning of December 2025 to better account for the impact of the TIF neutralization requirement enacted in 2025.)

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Civil taxing units and school corporations.

**Information Sources:** LSA property tax database.

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