



**House
Legislative
Analysis
Section**

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**HOMESTEADS: ALLOW LOCALS TO
EXEMPT NEW CONSTRUCTION**

House Bill 4649

Sponsor: Rep. John Pappageorge

Committee: Tax Policy

Complete to 5-19-03

A SUMMARY OF HOUSE BILL 4649 AS INTRODUCED 5-7-03

The bill would amend the General Property Tax Act to permit a local tax collecting unit to exempt all new construction on homestead property from property taxes. The exemption would require a resolution by the local unit’s governing body, and the exemption would be effective on the December 31 immediately succeeding the adoption of the resolution. An exemption would remain in effect until the homestead property was transferred or for a period specified in the resolution (but not to exceed five years), whichever was sooner.

Before the local tax collecting unit could act on the resolution, the local clerk would have to notify in writing the unit’s assessor and the legislative body of each affected taxing unit (e.g., a school district) and provide the assessor and a representative of the affected taxing units an opportunity for a hearing. The bill would require that a copy of the approved exemption resolution be filed with the state tax commission.

The bill would import the definition of the term “new construction” from Section 34d of the act, where it refers to “property not in existence on the immediately preceding tax day and not replacement construction. New construction includes the physical addition of equipment or furnishings [except for normal maintenance].” The term “homestead” would be defined as found in Section 7dd of the act, where it refers, generally speaking, to an owner-occupied principal residence. The term also applies to an owner’s unoccupied property adjoining or contiguous to a dwelling; a registered life care facility; property owned by a cooperative housing association and occupied by tenant stockholders; and a portion of a principal residence rented or leased to another person if the leased or rented portion is less than 50 percent of the total square footage of living space in the residence.

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House Bill 4649 (5-19-03)