



BILL/VERSION: SB 1987 / INTRODUCED

ANALYST: EC

AUTHORS: Sen. Bullard

DATE: 1/23/2026

TAX(ES): Ad Valorem

SUBJECT(S): Homestead Exemption

EFFECTIVE DATE: November 1, 2026

Emergency

ESTIMATED REVENUE IMPACT:

FY27: \$234.9 million reduction in revenue to local tax jurisdictions.

	Est. Revenue Loss
<i>Increase in Base Homestead Exemption</i>	-\$68.1M
<i>Conditional Additional Homestead Exemption (county revenue-dependent)*</i>	-\$166.8M
Total Estimated Revenue Loss	-\$234.9M

*The conditional estimate is based on county ad valorem tax revenue for Tax Years 2024-2025 as reflected in 2025-2026 County Assessor's Report to the Excise Board; actual eligibility is subject to excise board certification of collections and county approval.

ANALYSIS: SB 1987 increases the base homestead exemption from \$1,000 to \$2,000 beginning in Tax Year 2027 and authorizes an additional \$3,000 homestead exemption in counties where prior-year ad valorem tax revenue collections increased by at least 5% and where approved by county commissioners. The additional exemption is conditional and subject to certification by the county excise board and approval by county commissioners.

The estimate reflects a reduction in local ad valorem tax revenue resulting from the proposed exemptions. The impact of the base exemption increase is estimated statewide using county net assessed valuation and effective millage rates. The conditional additional exemption is estimated using recent county-level ad valorem tax revenue growth for Tax Years 2024-2025, as reflected in 2025-2026 county excise board reports, to illustrate counties that may meet the proposed revenue growth threshold. Because future excise board certifications and county approvals cannot be known in advance, the conditional impact is estimated, and actual impacts may vary by county and year. The estimates have a direct impact on local taxing jurisdictions and may indirectly affect state funding through the school funding formula.

2/1/26
DATE

Huan Gong
DR. HUAN GONG, CHIEF TAX ECONOMIST

2/1/26
DATE

Marie Schuble
MARIE SCHUBLE, DIVISION DIRECTOR

2/1/26
DATE

Joseph P. Gappa
JOSEPH P. GAPPA, FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted. This estimate reflects current available data as of the date of issuance and is subject to revision if additional information becomes known.