Overview

Extends the valuation limit for the first tier of residential homestead property from $75,000 to $125,000. Provides for increased HACA and increased general education aid to offset any shifting due to the class rate change. Increases the education homestead credit percentage to 73%. Provides that the changes are effective beginning with taxes payable in 2000.

Section

1  **Class 1.** Extends the valuation limit for the first tier of residential homestead property from $75,000 to $125,000.

2  **Education homestead credit.** Increases the education homestead credit rate from 64.1% to 73%. [Note: the stricken language references a rate of 69% for taxes payable in 2000, but another statutory section (repealed in section 5) provides for an adjustment to that rate, so that the actual rate under current law is 64.1%.]

3  **Homestead and agricultural credit aid (HACA).** Provides for an increase in HACA to offset the class rate reduction in section 1. Provides that the commissioner of revenue may base HACA amounts for pay 2000 on estimated valuation data.

4  **General education levy reduction.** Provides for a reduction in the statewide general education levy of $75 million per year. This is the amount necessary to hold the statewide general education tax rate constant taking into account the class rate reduction in section 1.

5  **Repealer.** Repeals the education homestead credit adjustment mechanism, which is no longer needed because the adjustment was factored in when the new rate was specified in section 2.

6  **Effective date.** Provides that the act is effective for taxes payable in 2000 and subsequent years.