Overview

Makes the following changes to the "This old house" program:

Increases the minimum age of a qualifying house from 35 years to 50 years.

Increases the maximum exclusion eligibility from a 70 to a 75 year old house.

Provides that any house that has an estimated market value of $300,000 or less is eligible for a market value exclusion, regardless of where it is located. Under current law, there are different value thresholds depending upon where the house is located.

Increases the minimum amount of improvement that qualifies as an exclusion from $1,000 to $5,000 and strikes the three improvement limitation per home.

Changes the current law 5 year phase-in to a 2 year, or a 5 year, depending upon the amount of the exclusion that is to be phased-in.

1. **Valuation exclusion for new improvements.** Makes several changes to the program referred to as "This old house". All of the changes in this bill are effective for improvements made on or after January 1, 2000.

**Minimum age eligibility.** Increases at what age a house is eligible for any value exclusions from the current 35 year old house to a 50 year old house. This means that a house will have to be at least 50 years old before improvements are eligible for any exclusions under this program.

**Minimum age: full exclusion.** Increases the age for the full market value exclusion from the current 70 years old to 75 years old. This proposal allows a 50 percent exclusion for homes between 50 and 75 years old (current law is between 35 and 70 years old); and a 100 percent exclusion for 75 year old homes (current law allows this at 70 years old). The maximum value...
exclusion is not changed from current law. ($25,000/$50,000)

**Estimated market value.** Provides that homes with an estimated market value (EMV) equal to or less than $300,000 are eligible to have value excluded under this program. Under current law, only houses that have an EMV equal to or less than $150,000 are eligible with two exceptions:

1. the maximum increases up to $300,000 EMV, if it is located in a city or town in which (a) 50 percent or more of the owner occupied housing units were constructed before 1960 and (b) the city or town's median family income is less than the statewide median family income, and

2. allows homes with an EMV of $300,000 or more, if the home is located in a city or town in which (a) 45 percent or more of the homes were constructed before 1940, (b) 45 percent or more of the housing units in the city or town were rental, and (c) the city or town's median value of owner occupied housing units is less than the statewide median value of owner occupied housing units.

This change provides that any house up to $300,000 EMV will be eligible regardless of where it is located. Houses over $300,000 EMV will no longer qualify for any exclusions on improvements made after the effective date.

**Minimum improvement threshold/number of improvements.** Increases the amount of the minimum dollar amount of the improvement which must be made in order to qualify from the current $1,000 to $5,000 and provides that this minimum may be for a single project or in any one year. This would allow someone to take out multiple building permits for plumbing, electrical, construction, etc. that are for a single project and it would count as a single improvement toward the $5,000 minimum. This proposal also eliminates the limitation that only 3 improvements can qualify for the exclusion. A homeowner need not worry about how many building permits/projects are done. The maximum exclusion of $25,000 and $50,000, depending upon the age of the house, will be the limiting factor, rather than the number of improvements, per se.

**Phase-in period.** Changes the phase-in period for when the exclusion gets added back on the tax rolls. Under current law, after the end of the 10 year exclusion time period, the value is added back at 20 percent per year. This must be done for each of the improvements (up to three) regardless of the amount of the improvement. This proposal provides that if the qualifying value to be added back is equal to or less than $10,000, one-half of the value will be added back in each of the next two assessments years. If the qualifying value is greater than $10,000, then 20 percent will be added back in each of the next 5 assessment years.

2 **Effective date.** Provides that section 1 if effective for improvements made on or after January 1, 2000.