

## Homestead Credit

In December 2007 real property assessment notices went out for Districts 3, 6 and 8. The July 2008 tax bill will reflect these new assessments so it is important that you understand how the assessment is phased in over a three year period and how the homestead credit affects this phase in. Also included in your assessment notice is a one time homestead application that **must** be submitted back to the State Department of Assessments and Taxation. It is **very** important that you file this form because once the State Department of Assessments and Taxation marks the file as not submitted, you will be denied the homestead credit even though your property will still be labeled owner occupied. You could qualify in later tax years but would not be able to have the current year's bill corrected. If your principal residence is in Districts 4 and 5 you will get the homestead credit form in December 2008. Districts 1, 2 and 7 will received the homestead credit form in December 2009. The State homestead credit limit or amount of increase is currently 10% and the County 5%. Towns have their own homestead credit rates. This means that although the assessment on your principal residence may go up 50% to be phased in over a three year period the homestead credit will offset the increase with a credit limiting the county assessment increase to 5% per year.

### Example

Previous assessment	\$100,000
New assessment in Dec 2007	\$150,000

#### Using Current tax rates

Tax Year- July 1 Assessments	Three Year Phase In of New Assessment			Total
	2008	2009	2010	
Phased In Assessments	\$116,667	\$133,333	\$150,000	3 Years
Net County With HS Credit	\$105,000	\$110,250	\$115,763	
Net State With HS Credit	\$110,000	\$121,000	\$133,100	
<b><u>No Homestead Credit</u></b>				
County Tax	\$1,015.00	\$1,160.00	\$1,305.00	\$3,480.00
State Tax	130.67	149.33	168.00	448.00
Total Bill	\$1,145.67	\$1,309.33	\$1,473.00	\$3,928.00
<b><u>With Homestead Credit</u></b>				
County Tax	\$1,015.00	\$1,160.00	\$1,305.00	\$3,480.00
Sate Tax	130.67	149.33	168.00	448.00
County Homestead Credit	-101.50	-200.82	-297.87	-\$600.19
State Homestead Credit	-7.47	-13.81	-18.93	-40.21
Total Bill	\$1,036.70	\$1,094.70	\$1,156.21	\$3,287.60
Savings due to Homestead	\$108.97	\$214.64	\$316.79	\$640.40