

HCS HB 1906 -- REAL PROPERTY VALUATION ASSESSMENTS

SPONSOR: Chappell

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Property Tax Reform by a vote of 21 to 2. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 4 to 3 and 1 voting Present.

The following is a summary of the House Committee Substitute for HB 1906.

Beginning January 1, 2025, the true value in money of real property maintained and used by the owner as a primary residence for assessment purposes will be equal to the most recent purchase price of such real property. Such true value in money shall be the true value in money for all subsequent assessments until the next sale of such property.

As specified in the bill, if a homeowner makes additions or improvements to the property, and those additions or improvements increase the value of said property by 50% or more, the homeowner must notify the assessor. The assessor must then establish a new assessed valuation, which will be the true value in money for all subsequent assessments until the next sale of such property.

If the sale of a piece of real estate results in a transaction that is below market value, the assessor must provide evidence to the Board of Equalization or other equivalent entity that such sale price should not be used as the new true value in money for assessment purposes.

Participation in the assessment process is optional. If a homeowner wishes to participate in the assessed valuation provisions as specified in this bill, such owner may opt in by notifying the assessor's office, and the homeowners' real property must be assessed under the assessment process in existence on or before December 31, 2024.

This bill is the same as HB 1078 (2023).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the State is not supposed to tax unrealized gains, and yet that is what happens when homeowner's real estate taxes increase because of rising home values. As a result, many people are being taxed out of their homes. Supporters

further say that most homeowners are unaware of why or by how much the value of their property is rising, but that this bill would treat all property owners equally.

Testifying in person for the bill was Representative Chappell.

OPPONENTS: There was no opposition voiced to the committee.

Testifying in person against the bill was Lisa Pannett, Armorvine.

OTHERS: Others testifying on the bill say if the price at which a home is sold is not a required disclosure, this will negatively affect companies or investors when they evaluate the price-to-sales ratio.

Testifying in person on the bill was Kenneth Mohr, Boone County Assessor's Office.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.