

TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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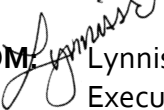
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MEMORANDUM

TO: Commission Members

FROM:  Lynnisse Roehrich-Patrick
Executive Director

DATE: 22 October 2015

SUBJECT: Homestead Exemption in Tennessee: Finding a Balance—Draft Report for Review and Comment

The attached commission report is submitted for your review and comment. The report responds to Public Chapter 326, Acts of 2015, requiring the Commission to study the homestead exemption amounts in Tennessee and determine whether they should be increased to accurately reflect the cost of living. If Tennessee's homestead exemption amounts for individuals (\$5,000) and joint filers (\$7,500) had kept pace with inflation since their adoption roughly 35 years ago, they would currently be valued at \$16,304 and \$21,645. If the homestead exemption for those filing jointly was double the exemption for individuals, it would currently be valued at \$32,608. Seventeen states allow filers to choose between state and federal exemptions. Tennessee does not. The current federal exemption is \$22,975 for individuals doubled to \$45,950 for those filing jointly.

The draft report provides comparisons, required by the Act, of the various categories of homestead exemptions in detail to those of other states. The report describes the history of homestead exemptions nationally and in Tennessee, including past legislative efforts in Tennessee to increase them. Alternatives discussed include adjusting the individual and joint homestead exemption amounts for inflation and adopting the federal exemption amounts.

A final report reflecting your guidance will be submitted for approval at the January 2016 Commission meeting.