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The Property Tax Relief for the Elderly: A Survey of the Nation

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PROPERTY TAX RELIEF FOR THE ELDERLY: A SURVEY OF THE NATION

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INTRODUCTION

States face the challenge of balancing revenue needs against making it easier for the elderly to afford the cost of living at home. Many states have decided to forgo some revenue from property taxes to assist elderly citizens who meet statutory requirements. These assistance programs vary from homestead exemptions, credits, rebates, deferrals, and assessment freezes, to work programs. Still other states do not assist elderly taxpayers, because their property taxes are relatively low.

Throughout this article, the benefits of each type of property tax relief program will be evaluated based on participation by elderly homeowners, the benefits to the elderly created by the program's structure, and the amount of revenue lost by the state. However, each program raises its own distinct benefits and issues, which will be addressed as well.

HOMESTEAD EXEMPTION, CREDIT AND REBATE PROGRAMS

Exemptions, credits, and rebates reduce the property tax liability of eligible homeowners. The main difference between each of these programs is when the homeowner receives the tax relief. The most prevalent form of tax relief is the homestead exemption. Under an exemption program, states calculate a reduction of a homeowner's property tax liability by exempting

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a portion of the home's value from taxation.[1] The homeowner's property tax bill is reduced by the amount of the exemption before he or she receives it.

Exemption programs are funded in two ways. The state may reimburse the local governments for the loss in revenue, or the state may delegate the authority to the local governments to provide an exemption. Usually, when states give local governments the option of providing an exemption, local governments fund the program themselves. In Alaska, local governments can pass an ordinance exempting the assessed value of an elderly person's home in excess of $150,000 from property tax.[2]

When states provide property tax relief in the form of a credit, the homeowner pays his or her property taxes in full, and the state gives the homeowner a credit on his or her state income taxes. The amount of the credit usually relates to a percentage of the taxes paid by the homeowner. For example, the credit in Iowa corresponds to the property taxes paid on the first $4,850 of the assessed value of the home.[3]

Under a rebate program, homeowners' property remains subject to tax at all times, and local governments receive the taxes.[4] Instead of the state reimbursing the local government, as states do with exemptions, the state reimburses homeowners under a rebate program. Rebates are also referred to as refunds.[5] In some states, homeowners can apply for a rebate of the amount of property taxes that qualify. For example, South Dakota homeowners with a household income of less than $6,250 can apply for a rebate of fifty-five percent of the property taxes due or paid.[6] Under a credit program, an eligible homeowner receives a credit on his or her state income tax return.

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1. NAT'L CONFERENCE OF ST. LEGIS., A GUIDE TO PROPERTY TAXES: PROPERTY TAX RELIEF, 8 (2002) [hereinafter A GUIDE TO PROPERTY TAXES]. The National Conference of State Legislatures compiled this information by contacting each state; however, the citations for the statutes were not included in the publication. States use different methods to determine the value of a home. Some states impose a tax as a percentage of the fair market value of a home; whereas, other states impose a tax based on a percentage of the assessed value of a home.

2. ALASKA STAT. § 29.45.050 (Michie 2004).

3. IOWA CODE § 425.2 (2004).

4. TENN. CODE ANN. § 67-5-702 (2004) (this distinction is found under Compiler's notes).

5. S.D. CODIFIED LAWS § 10-18A-6 (Michie 2004).

6. *Id.*

The amount of property tax relief the elderly receive differs significantly from state to state because each state imposes different limits on the amount of the exemption, credit, or rebate.[7] In Georgia, the exemption can be 100% of the property tax if the tax is less than $4,000.[8] This is a substantial sum compared to the exemption of no more than $175 in Massachusetts.[9]

In 2002, forty-three states and the District of Columbia offered a homestead exemption, credit, or rebate program to the elderly. Many of these states also offered the exemptions to homeowners of all ages. Four more states give their local governments the option of providing a homestead exemption.[10] Usually, elderly homeowners receive a larger exemption than other homeowners.[11]

Today, all but four states offer some type of property tax relief to their elderly homeowners.[12] Forty states offer exemptions, credits, or rebates to the elderly.[13] Twenty of these states also offer exemptions, credits, or rebates to homeowners of all ages. Five states give their local governments the option of enacting an exemption program.[14] Usually, the amount of the exemption, credit, or rebate is still larger for the elderly than the exemption available to homeowners of all ages.

BENEFITS AND PROBLEMS WITH HOMESTEAD EXEMPTION, CREDITS, AND REBATE PROGRAMS

After determining if the exemption is adequate to meet the needs of the elderly, the state should take steps to ensure that all of those who qualify for the program receive property tax relief.

7. *Id.*

8. GA. CODE ANN. § 48-5-47 (2004).

9. MASS. ANN. LAWS ch. 59, § 5 (17)(D) (Law. Co-op. 2004).

10. ALASKA STAT. § 29.45.050 (Michie 2004); 72 PA. CONS. STAT. § 5020-204(d) (2004); R.I. GEN. LAWS § 4-3-16 (2004); VA. CODE ANN. § 58.1-3210 (Michie 2004).

11. *See* ALASKA STAT. § 29.45.050 (Michie 2004); 72 PA. CONS. STAT. § 5020-204(d) (2004); R.I. GEN. LAWS § 4-3-16 (2004); VA. CODE ANN. § 58.1-3210 (Michie 2004).

12. *See* Apps. A and B. Nebraska, Nevada, North Carolina, and West Virginia do not have property tax relief programs for the elderly.

13. *See* App. A, Homestead Credit, Exemption, and Rebate Programs Chart.

14. App. A. Alaska, Delaware, Pennsylvania, Rhode Island, and Virginia give local governments the option of providing an exemption. Delaware allows local school boards to give a credit, not an exemption. In Rhode Island, state statute determines the exemption for certain cities. Cities not listed in the statute have the option of exempting any person from property taxation.

Programs with automatic property tax relief most effectively ensure participation because the programs require no action on the part of the elderly. Therefore, 100% participation is attainable. Most homestead exemptions automatically reduce property taxes before the homeowner receives a bill.[15]

When the benefit of the property relief program is a credit that homeowners can use to reduce their state income tax liability, 100% participation is unattainable because not all elderly file state income taxes.[16] Similarly, when the benefit of the program is a rebate, 100% participation is unattainable because not all eligible homeowners will know to apply for the rebate. A rebate program that does not require an application would result in greater participation. In all likelihood, if the state funded the rebate, the cost of the program would be higher because the state would need to gather information about eligible homeowners from municipalities before issuing rebates.

Also, rebate programs require homeowners to pay the property taxes and wait for a rebate. Some elderly homeowners may not have the money to spend on property taxes in the first place. Therefore, it seems the most beneficial method for elders, not the state, is to reduce tax liability through an automatic exemption taken before homeowners receive their property tax bills.

It would logically follow that automatic property tax exemptions also cost less than exemption programs that require the elderly to apply to receive the exemption or file state income taxes to receive a credit. Any time a state must notify eligible homeowners that a program exists, the state incurs administrative costs. With an automatic exemption program, the state does not need to inform the elderly that a program is available. Also, the administrative costs of an automatic exemption program are less because the state's department of revenue does not have to audit those suspected of illegally claiming a property tax credit on their income taxes.

With fixed incomes and the rising cost of prescription drugs and medical treatment, elderly homeowners do not have more money to spend on property taxes than they did before they retired; however, their property taxes continue to rise. Property tax relief programs that give elderly homeowners a tax credit

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15. *Id.*
16. *Id.*

create additional cash flow problems. Elderly homeowners pay hundreds, if not thousands, of dollars in property taxes in the beginning or middle of the year and then wait for either a rebate or for April of the next year to utilize the tax credit on their state income tax. The state would provide greater assistance to elderly homeowners by automatically reducing the property tax bill through an automatic homestead exemption.

A unique problem occurs when states grant local governments the power to create property tax relief programs through local ordinances. When one local government decides to give property tax relief and another local government does not, inequity occurs because not all elderly citizens within the same state are treated the same. Local governments in Pennsylvania have the power to exempt any person from property tax through an ordinance or ordinance resolution.[17] In a richer community, exemptions for each elderly person may represent a small portion of assets that the local government can tax. In turn, the local government will not lose a large amount of revenue. The result is good for both the elderly homeowners and the community. In a poor community, exempting some or all elderly homeowners from property tax may represent a large portion of assets that the local government can tax, in the aggregate. Therefore, the revenue loss makes it impossible for local governments in poor communities to provide the property tax exemption wealthy communities can provide.

Regardless of the wealth of the community, if a state does not finance an exemption program, local governments shift the tax burden to other homeowners.[18] This makes exemptions unpopular among those who are not eligible to benefit. In a town with a small elderly population, it is unlikely that the local government will hear their voice, even if the program is feasible. Conversely, in a town with a disproportionately large number of elderly citizens, property tax exemptions become infeasible from a revenue standpoint because there are not enough ineligible homeowners to shoulder the increased tax burden.

Giving local municipalities the option to provide property tax relief can have horrendous consequences, as the New Jersey legislature recently learned. In 1999, the New Jersey legislature created the Revaluation Relief Act, which allowed the city of

17. 72 PA. CONS. STAT. § 5020-204(d) (2004).

18. A GUIDE TO PROPERTY TAXES, *supra* note 1, at 9.

Newark to keep more than $45 million each year from parking and payroll tax revenue that it would otherwise surrender to the state. The state required Newark to use the money to give homeowners property tax relief; it did not.[19] Instead, the city wanted to build an arena.[20] A ninety-one-year-old citizen of Newark sued and won a $200 million lawsuit against the city for failing to provide property tax relief.[21] Now, many homeowners who joined in the lawsuit will have the property tax relief that the state of New Jersey intended them to have. A local property tax relief program that requires eligible homeowners to sue to enforce it should be avoided.

Finally, while many states mandate and fund homestead exemption programs and, while they are quite popular with homeowners, they are not cost-effective. In 2001, reimbursing local governments cost the state of Ohio $66 million.[22] Because of the high cost of providing exemptions to a large number of elderly citizens, the exemptions may be limited to a small dollar amount and, therefore, provide a minimal amount of relief.[23]

DEFERRAL PROGRAMS AND PROPERTY TAX FREEZES

Of the forty-three states that had homestead exemption programs in 2002, most offered a property tax deferral program to assist the elderly with the burden of property taxation.[24] Deferral programs typically delay the collection of property tax indefinitely, until the sale of the residence, or until the death of the homeowner. In 2002, twenty-four states and the District of Columbia had such a program.[25] Six of these states allowed their local governments to decide whether to implement the program.[26] Included in these twenty-four states were several states that offered property tax freezes.

Today, twenty-seven states offer property tax deferral

19. *Id.*
20. *Id.*
21. John Brennan, *Newark Man, 90, Waging Fight Against Devils Arena*, The Record, (December 5, 2004), *at* http://www.northjersey.com/page.php?qstr=eXJpcnk3ZjcxN2Y3dnFlZUVFeXkyJmZnYmVsN2Y3dnFlZUVFeXk2NjIyMjM4.
22. A GUIDE TO PROPERTY TAXES, *supra* note 1 at 8.
23. *Id.* at 9.
24. *Id.*
25. *Id.* at 21.
26. *Id.*

programs to the elderly.[27] Of those twenty-seven states, four states offer deferral programs to homeowners of all ages.[28] Five states give the local municipalities the option of implementing the program.[29] Of these twenty-seven states, only five states do not require a homeowner to earn below a specified amount of income to be eligible for deferral.[30] Also grouped in the deferral category for purposes of this are property tax freezes. Property tax freezes occur when a state or local municipality does not reassess the value of the homeowner's property. A state or local municipality with a tax freeze can increase the millage rate.[31] When the millage rate increases, the homeowner's property taxes increase. Illinois, Rhode Island, and Tennessee specifically call their relief a freeze within their statutes.[32] However, other states effectively freeze assessments as well without labeling it as such.

The assistance offered by a deferral program is often a reverse mortgage, or loan from the state. For example, in Wisconsin, elderly homeowners can receive loans from the Wisconsin Housing and Economic Development Authority (WHEDA) to pay property taxes each year. [33] At the homeowner's death, the estate of the taxpayer repays the housing authority with interest. The goal of such a program is to allow lower-income elderly citizens and, in some states, their surviving spouses, to use the equity in their primary residence to afford their property taxes; thus, these programs allow them to stay in their homes.

BENEFITS AND PROBLEMS WITH DEFERRAL AND FREEZE PROGRAMS

Deferral programs cause a short-term revenue loss, which is remedied in the long-term. States are able to charge an interest rate to offset the short-term loss. Because deferral programs are

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27. *See* App. B, Deferral Programs.

28. *Id.*

29. *Id.*

30. *Id.*

31. Millage rate, also referred to as mill rate, is the "tax applied to real property whereby each mill represents $1 of tax assessment per $1,000 of the property's assessed value. . . ." BLACK'S LAW DICTIONARY 1014-1015 (8th ed. 2004).

32. 35 ILL. COMP. STAT. 200/15-172 (2004); R.I. GEN. LAWS § 44-3-16 (2004); TENN. CODE ANN. § 67-6-1515 (2004).

33. WIS. STAT. § 234.621 (2003-2004).

not popular, the total revenue a state defers is minimal compared to the total revenue the state receives each year from property taxes.

The benefit to elderly homeowners who participate in deferral programs is simple. They are able to pay their taxes without relying on others. Instead of having to rely on family members to pay their property taxes, those who participate can manage their own finances. In turn, some elderly homeowners may gain a sense of independence from being able to provide for themselves.

Deferral programs are not as beneficial to elderly homeowners as automatic exemptions for a variety of reasons. To receive a deferral, homeowners must apply; however, without awareness of the program's availability, homeowners do not know to apply and, therefore, do not take advantage of the program. Massachusetts' chief assessor put it quite simply, "[w]e try to get the word out. But a lot of people are still not aware of the fact that they [are] eligible for a tax exemption. . . ." [34] Last year, only one Marlboro citizen participated in the Massachusetts deferral program.[35] Besides the lack of awareness of the program, participation may also be low because the interest rate imposed on deferred taxes in Marlboro is eight percent.[36]

Human nature also plays a role in the lack of participation in deferral programs. Many elderly citizens do not want to deprive their children of their inheritance.[37] This fear may be unfounded because the deferred property taxes and interest are unlikely to amount to a significant portion of the home's value. If a homeowner deferred $2,000 of property taxes each year for ten years, the amount of the lien would equal $20,000 plus interest. Assuming the fair market value of the home is $200,000 at the homeowner's death, his or her children would still inherit approximately ninety percent of the value of the home.

Another more serious participation problem arises with deferral programs. Elderly homeowners who do not have enough equity in their homes cannot take advantage of the program. Therefore, participation will never reach 100% of the

34. Elaine Thompson, *Many Marlboro Residents are Overlooking Tax Breaks*, Telegram & Gazette, December 16, 2004 at B3.

35. *Id.*

36. *Id.*

37. *Id.*

elderly in need of assistance. Finally, when states require homeowners to earn below a specified amount of income, a state may wrongfully exclude elderly homeowners in need of assistance because their expenses exceed their income. The medical expenses of an ill, elderly homeowner may leave that homeowner with no disposable income to pay property taxes. For example, in Arizona, a homeowner can defer property taxes on a primary residence with an assessed value of $150,000 or less, if his or her income is less than $10,000.[38] An ill, elderly homeowner could have Social Security income in excess of $10,000 and no discretionary income after medical expenses to pay property taxes. Removing income limitations for property tax deferral programs may be difficult because of public opinion. As one Connecticut resident, Jim Malcolm, told a panel appointed to study the possibility of property tax relief for the elderly, "[t]ax relief should not go [to residents] simply because you are elderly."[39]

Property tax freezes, in effect, act as a permanent deferral of taxes related to assessment increases. Freezes have different participation ratings, benefits, and revenue implications.

Property tax freezes imposed by state statute have a 100% participation rate if the freeze occurs automatically when the homeowner reaches the age required by statute. However, states can leave property tax freezes to the discretion of the local municipality. Tennessee and Rhode Island give their local municipalities this option.[40] State legislatures may give this power to local governments because local governments can assess their revenue needs better than the state. However, 100% participation becomes impossible because some local municipalities will not be able to afford to offer their elderly residents relief. Also, local municipalities are leery of offering this savings to their elderly because the ordinance would be nearly politically impossible to repeal if the program proved too costly. In a heated debate over a local property tax freeze in San Antonio, Texas, Councilman Joel Williams remarked, "[u]nder sane conditions, my colleagues would never support a measure

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38. ARIZ. REV. STAT. § 42-17302 (2004).

39. Peter Downs, *Tax Relief Panel Begins Sessions; Studying Breaks for Residents 65 or Older*, The Hartford Courant, December 16, 2004 at B3. However, the same Connecticut resident supported giving property tax relief to all veterans.

40. TENN. CODE ANN. § 67-6-1515 (2004); R.I. GEN. LAWS § 44-3-16 (2004).

they couldn't repeal."[41] The city council decided to delay voting on the measure.[42]

The benefits of an assessment freeze are not always clear at the beginning of the program. Ideally, the stability of the tax bill would allow those nearing retirement to better plan their budget. While it may appear that the elderly will have a stable property tax bill in their retirement, increases to the millage rate will increase an elderly homeowner's tax bill. States can limit dramatic increases in property taxes by including a limit on millage rate increases within the governing statute. However, if the state gives the local municipalities or counties the option of enacting the program, the local governments will be less likely to enact the program if rate limits are in place.

While elderly homeowners stand to benefit from property tax freezes, the costs outweigh the benefits. The city of San Antonio estimated the cost of its proposed program at $64.5 million over a ten-year period.[43] As an alternative to requiring local governments to fund an assessment freeze, the same outcome can be reached by providing a state-funded exemption. A state-funded exemption will create more participation than a locally funded assessment freeze because the program is available to all elderly homeowners, instead of only elderly homeowners whose municipalities enact the program.

OTHER PROGRAMS

Only one state, Massachusetts, has created a property tax relief program that does not offer an exemption, credit, rebate, or deferral. In Massachusetts, a homeowner over the age of sixty can elect to work off his or her property taxes up to $750.[44] Elderly homeowners work for the local governments at minimum wage.[45] This translates into approximately 130 hours

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41. Greg Jefferson, *Council Delays Senior Tax Freeze Decision; Cost Estimate for Measure Trimmed to $64.5 Million*, San Antonio Express-News, December 10, 2004 at 1B.

42. *Id.*

43. *Id.*

44. MASS. ANN. LAWS ch. 59, § 5 (Law. Co-op. 2004). This is not the only form of property tax relief offered in Massachusetts. Under the same statute, those over the age of sixty-five can apply for a deferral of property taxes for a period of three years at an interest rate of five percent. *E.g.*, MASS. ANN. LAWS ch. 59, § 5(17)(D) (2004), homeowners over the age of seventy can receive an exemption of $2,000 of the assessed value or $175 in tax, whichever is greater, if the whole estate is worth less than $40,000 and the homeowner has been a resident of Massachusetts for five years.

45. *Id.*

of work.[46]

BENEFITS AND PROBLEMS WITH OTHER PROGRAMS

The benefits to elderly homeowners that are able to participate are potentially greater than $750. Those who participate may feel useful and part of the community. This may help those who feel isolated from the community since they retired.

If homeowners over the age of sixty participate in this program, it would create a low-cost labor pool and decrease the number of local government employees needed to provide services to the community. This ripple effect has a potential financial benefit for local municipalities that other programs do not provide.

With this program, there appears to be no revenue loss. In fact, local governments are actually saving money because they do not have to pay a living wage or insurance costs for an employee that would normally do the job of the participating elderly homeowner. The local governments also may be saving a nominal amount if they do not have to pay FICA taxes for the participating homeowner.

While some elderly citizens are likely to be enthusiastic when presented with the opportunity to work off their property taxes, others may not because they need assistance but cannot participate. This program makes property tax relief inaccessible to those who are in poor health. The most perplexing part of this program is why a lower-income elderly homeowner would want to participate. If a person over sixty is physically able to work, it is unlikely that he or she needs the local government to provide an employment opportunity. The homeowner could work for any employer. Therefore, 100% participation in such a program is unlikely, if not impossible.

CONCLUSIONS

By evaluating homestead exemptions, credits, rebates, and property tax deferral programs based on participation, the benefits to the elderly, and the loss of revenue to the state, a combination of programs appears the most effective.

While state-funded homestead exemption programs that

46. This calculation is based on an assumed minimum wage of $5.75.

reduce an elderly homeowner's tax liability before the bill arrives provide the greatest benefit, they come at a greater cost to the state than other programs. If a state has enough revenue from other sources to fund such a program, the legislature should incorporate simple requirements into the statute to ensure the program operates efficiently. Specifically, state legislatures should require municipal and county boards to indicate the amount of the tax exemption on the tax bill. This common sense requirement reduces unnecessary confusion. Elderly homeowners will not need to call the local municipality or county to find out if the exemption was applied to their bill.

Second, the elderly should not need to apply for the exemption. If a homeowner needs to apply for an exemption, an extra financial burden falls on the state and local governments to notify homeowners that they may be eligible. If the state and local governments require an application and do not adequately notify potential eligible homeowners, the goal of the program is defeated. Homeowners that need assistance will not know to apply for it. Applications also require review, which will add to the cost of the program.

Finally, state legislatures should set a limit on the amount and frequency of assessments. This requirement will prevent local or county boards from pricing the elderly residents out of their homes, which is the outcome state legislatures are trying to avoid. The extent of the limitations placed on assessments varies greatly depending upon the exemption. If a state exempts 100% of the value of the home when an elderly homeowner is low-income, the state has an interest in keeping the assessed value low because it is subsidizing the program. Also, if the state subsidizes an exemption equal to the increase in property taxes from one year to the next, it has an interest in keeping assessments low.

If a proposed tax exemption cannot ensure that the elderly will be able to afford to stay in their homes, a combination of property tax relief measures is necessary. If the state cannot afford to subsidize an exemption program in which it reimburses the local or county governments, a combination of an exemption and a reverse mortgage program provide the next best solution.

The participation rate of a reverse mortgage program is dependant upon the state's ability to inform potential eligible homeowners that the program is available. The most cost effective method of informing homeowners is to require county and local governments to print information about the program on all tax bills in large print. Again, this requirement should be included in the reverse mortgage statute. Including this information in all property tax bills will allow younger homeowners to plan for retirement and will remind eligible homeowners that the program is available. Large print will catch the attention of homeowners and help those with poor eyesight. Most importantly, a yearly reminder will help to ensure that homeowners file applications for reverse mortgages in a timely manner if the homeowner needs assistance in the coming years.

One requirement that a state legislature should exclude from a reverse mortgage statute is a fixed interest rate. For example, the District of Columbia imposes an interest rate of eight percent on all deferred taxes.[47] When the interest rate falls below a statutorily set rate, participation in the program falls as well. Therefore, the program becomes unnecessary. This result may not be a bad one if lenders are able to offer the same or more favorable terms. The best reason for giving a department of the state, such as the housing authority, the discretionary power to set the interest rate imposed on reverse mortgages is that the state's cost of forgoing revenue may change. While a state may need an interest rate of eight percent one year, it may not need that high of an interest rate the next year. If the interest rate is written into the statute, the legislature would need to reconsider the percentage rate yearly and amend the statute. Because of the time consuming nature of this method, states should give a state agency or department the discretion to determine the best interest rate to impose upon deferred property taxes.

Together these measures strike a balance between providing elderly homeowners with the greatest benefit and ensuring states will have enough revenue to afford such programs. Regardless of the form of property tax relief adopted, the structure and requirements created within a property tax relief statute are crucial to the success of the program and the financial well-being of our elderly citizens.

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47. D.C. CODE ANN. § 47-845 (2004).

Appendix A: Homestead Credit, Exemption, and Rebate Programs

State or Jurisdiction	Age Minimum	Other Requirements	Description of Exemption, Credit, or Rebate	Income Limit	Statute
Alabama	All ages 65		$4,000 of the assessed value is exempt for all ages. Fully exempt for those over 65 if the property does not exceed $5,000 in assessed value or 160 acres.	None $12,000	ALA. CODE § 40-9-19(b) (2004).
Alaska	65 & over or 60 & a widow whose spouse was over 65	Must own and occupy as a permanent place of abode.	Local government can exempt the assessed value exceeding of $150,000.	None	ALASKA STAT. § 29.45.050(i) (Michie 2004).
Arizona	65	Must file a claim form.	Household income determines the size of the credit.	$3,750 if single/ $5,550 if married	ARIZ. REV. STAT. ANN. § 43-1072 (West 2004-2005).

Arkansas	All ages	Must register with county assessor.	The amount of taxes assessed on each homestead is reduced by $300 per year starting in 2000, not to be reduced to less than zero.	None	ARK. CODE ANN. § 26-26-1118 (Michie 2003); **Repealed § 260-51-601 that provided a credit for the elderly.**
California			No Provision **(Exemption under CAL. CONST. art. XIII § 1d repealed in 1974)**		
Colorado	65	Must complete an application. 10 years of owner-occupancy with some exceptions.	50% of first $200,000 of actual value is exempt. If over 65, "50% of zero dollars of actual value" is exempt from 1/1/2003 to 1/1/2006.	None	COLO. REV. STAT. ANN. § 39-3-203 (West 2004).
Connecticut	65 or 50 for widows whose spouse qualified	At least one spouse must be a resident for 1 year. Widow must have been domiciled with taxpayer at time of his/her death.	Calculated by multiplying the assessed value, less $1,000, for 1966 or any subsequent year that the taxpayer first filed by the mil rate for that year.	$3,000 if single/ $5,000 if married	CONN. GEN. STAT. ANN. § 12-129b (West 2004).

Delaware	65		Local school boards have the option of giving a credit, which is the lesser of 50% of tax remaining after any other exemption or $500. Exemption of real property with "an assessed valuation not exceeding $5,000."	None	DEL. CODE ANN. tit. 14, § 1917 (2004).
	65	Must apply. Exemption will continue but assessor can require homeowner file new application. (§ 8135)		$3,000 (§ 8132)	DEL. CODE ANN. tit. 14, § 8131-8136 (2004).
District of Columbia	65	Must own 50% of home.	50% reduction in tax.	Household adjusted gross income of less than $100,000.	D.C. CODE ANN. § 47-863 (2004).
Florida	All ages	Must apply before March 1st each year. Must renew each year.	Exempt up to $5,000 of assessed value.	None	FLA. STAT. ANN. § 196.031 (West 2005).

	65	Must be a resident for five consecutive years	If 65 or over, $10,000 of the assessed value is exempt.		
Georgia	All ages		Exempt from state, county, and school purpose taxes, except those taxes used for school purposes and to retire bond indebtedness, up to $2,000 of the assessed value of the homestead.	None	GA. CODE ANN. § 48-5-44 (2004).
	65	Commissioner determines application process.	Exemption of $4,000 of state and county property tax.	$10,000	GA. CODE ANN. § 48-5-47 (2004).
Hawaii	All ages	Only 1 home.	$12,000 of the assessed value is exempt.	None	HAW. REV. STAT. ANN. § 246-26 (Michie 2004).
	60-70 x2		The amount of the exemption is multiplied by 2 for homeowners age 60-70.		
	70 and over x2.5		The amount of the exemption is multiplied by 2.5 for homeowners age 70 and over.		

Idaho	All ages	Owner must apply and it must be a primary residence.	Exemption is the lesser of $50,000 or 50% of the value of residential improvements.	None	IDAHO CODE § 63-606G (Michie 2004).
Illinois	All Ages		Exemption limited to reduction in the equalized assessed value of property equal to increase in such value for 1978 and subsequent years above the equalized assessed value of such property for 1977, up to $3,500. Exemption limited to $3,000 in 2004.	None	35 ILL. COMP. STAT. 200/15-175, 200/15-176 (2004).
	65 or spouse of qualified that lives in a nursing home				35 ILL. COMP. STAT. 200/15-170 (2004).
Indiana	All ages		In 2003, 20% credit, but less than 50% of assessed value of realty or $6,000.	None	IND. CODE. ANN. § 6-1.1-20.9-2 (Michie 2004).
	65 or 60 for a survivor that has not remarried		Exemption of the lesser of 50% of the home's value or $6,000. Property cannot exceed $144,000 in value.		

Iowa	All ages 65 or 55 for a surviving spouse	 Must reside in the state for the entire preceding year.	Credit in an amount equal to the levy on the first $4,850. Credit based on income.	None	IOWA CODE ANN. § 425.2 (West 2004). IOWA CODE ANN. § 425.16 (West 2004).
Kansas	All ages	Must apply. Increase in appraised value cannot be due to improvements	Income tax refund of no less than $5 available if the appraised value exceeds 75% of the appraised value from the preceding year. The amount of the refund decreases each year the homeowner applies for the refund.	None	KAN. STAT. ANN. § 79-4530 (2003).
Kentucky	65		Exemption of $26,800. Set at $6,500 in 1972 dollars. Cost-of-living adjustment every 2 years.	None	KY. REV. STAT. ANN. § 132.810 (Michie 2004).
Louisiana	65 55 for surviving spouses		Exemption	$50,000	LA. REV. STAT. ANN. art. 7, § 18 (West 2005).
Maine	All ages	Must be a resident for 12 months.	Exemption of up to $7,000 of assessed value if less than $125,000. $5,000 if assessed value is $125,000 -$250,000. $2,500 if assessed value is greater than $250,000.	None	ME. REV. STAT. ANN. tit. 36, § 683 (West 2004).

Maryland			No Provision		
Massachusetts	70 and over Surviving Spouse	Must be a resident for 5 years. Home must be owned and occupied	Exemption is the taxable valuation of $2,000 or $175, whichever is greater, provided the whole estate is less than $40,000 in value.	None	MASS. GEN. LAWS ANN. ch. 59, § 5(17)(D) (West 2004).
Michigan			No Provision		
Minnesota	All ages		If the market value of the home is less than $76,000, .4% of the market value is exempt, not to exceed $304. If the market value of the home exceeds $76,000, the exemption is reduced to .09% of the market value.	None	MINN. STAT. ANN. § 273.1384 (West 2005).
Mississippi	All ages	Must file with county or municipal board.	Exemption for the first $7,500 of the assessed value.	None	MISS. CODE ANN. § 27-31-107 (2005).
Missouri	65 or surviving spouse of an eligible homeowner.		Maximum exemption equals $75,000 of assessed value.	None	MO. ANN. STAT. § 135.010-.030 (West 2005).

Montana	All ages		The first $100,000 of the taxable market value is received a reduced tax rate.	$15,000 for a single person; $20,000 for a married couple or a head of house-hold.	MONT. CODE ANN. § 156-134 (2003).
Nebraska	All ages	Must apply. §77-3512	Homestead exemption. Percent-age of relief based on income.	None	NEB. REV. STAT. § 77-3507 (2003).
Nevada			No provision.		
New Hampshire	65		The elderly must file for a prop-erty tax exemption and the local government has the option of changing the due date.	$13,400 for a single person; $20,400 for a married couple.	N.H. REV. STAT. ANN. § 72:33 (2004). **Repealed 72:39**
New Jersey	65	Must have occu-pied the home for 3 years and been a resident of New Jersey for 10 years.	Rebate. The state reimburses the homeowner in the amount of taxes paid in excess of taxes paid in the base year.	None	N.J. STAT. ANN. § 54: 4-8.67; 7 (West 2004).

New Mexico			No Provision		
New York	All ages 65 as of December 31st		$30,000 of the assessed value is exempt from school tax. $50,000 of the assessed value is exempt from school tax.	Computed under 425(4)(b).	N.Y. REAL PROP. TAX LAW § 425 (Consol. 2005).
North Carolina			No Provision		
North Dakota	65		If a homeowner's income is less than $8,000, the lesser of 100% of the taxable valuation or $2,000 is exempt. If a homeowner's income is between $8,000 and $9,500, the lesser of 80% of the taxable valuation or $1,600 is exempt. If a homeowner's income is between $9,000 and $11,000, the lesser of 60% of the taxable valuation or $1,200 is exempt. If the homeowner's income is between $11,000 and $12,500, the lesser of 40% of the taxable valuation or $800 is exempt. If the homeowner's income is between $12,500 and $14,000, the lesser of 20% of the taxable valuation or $400 is exempt.	$14,000	N.D. CENT. CODE § 57-02-08.1 (2003).

Ohio	65 or surviving spouse over 59 on the day the deceased spouse dies .	Must occupy the home. The homeowner must apply for a certificate of reduction each year with the county auditor	If the homeowner's total income is less than $11,900, the taxable value is reduced by the lesser of $5,000 or 75%. If the homeowner's total income is between $11,900 and $17,500, the taxable value is reduced by the lesser of $3,000 or 60%. If the homeowner's total income is between $17,500 and $23,000, the taxable value is reduced by the lesser of $1,000 or 25%.	$23,000	OHIO REV. CODE ANN. § 323.152 (Anderson 2004).
Oklahoma	65 65	Must apply	Homestead exemption freezes valuation of residence. Refund not to exceed $200.	$25,000 $12,000	OKLA. STAT. ANN. tit. Revenue & Taxation art. 10 § 8c, 9 (West 2005). OKLA. STAT. ANN. tit. Revenue & Taxation § 2904-2911 (West 2005).
Oregon			No Provision		

Pennsylvania	All ages		Local governments have the option of exempting any person from property tax through ordinance or resolution.	$5,000	72 PA. CONS. STAT. ANN. § 5020-204(d) (West 2004).
Rhode Island	65		Local governments can provide exemption and some city exemptions are required by state statute.	None	R.I. GEN. LAWS § 4-3-16 (2004).
South Carolina	65	Must be a resident for at least 1 year.	The first $50,000 of the fair market value is exempt.	None	S.C. CODE ANN. § 12-37-250 (Law. Co-op. 2004).
South Dakota	All ages		Refund of property taxes paid ranges from 19% to 55% depending on total household income.	$12,750 per household	S.D. CODIFIED LAWS § 10-18A-6 (Michie 2004).
Tennessee	65 as of December 31.	Must apply.	Homeowners can get a rebate of the taxes paid on the first $18,000 of the assessed value.	$10,550 in 1996 and adjusted each year since to reflect the cost of living	TENN. CODE ANN. § 67-5-702 (2004).

Texas	All ages 65 or surviving spouse over 55.		Any adult is entitled to a school district tax exemption of $15,000 of appraised value and a county tax exemption of $3,000 of assessed value. Exemption from school district taxes of $10,000 of appraised value.	None	TEX. TAX. CODE ANN. § 11.13 (Vernon 2004-2005).
Utah	All ages	As of January 1, 2005, the exemption is limited to one primary residence/household.	45% of the fair market value of the home is exempt from taxation.	None	UTAH CODE ANN. § 59-2-103 (2004).
Vermont	All ages	Must own homestead as of April 1 in year claim is filed.	Homestead property tax is adjusted based on income.	None	VT. STAT. ANN. tit. 32, § 6066 (2004).
Virginia	65	Must be the sole dwelling and occupied by the homeowner.	Local option to exempt a portion of the tax, which represents an increase in tax liability since the year the homeowner reached the age of 65.	None	VA. CODE ANN. § 58.1-3210 (Michie 2004).

Washington	61/ 57 for surviving spouses	Must be a principal place of residence.	Exemption is calculated by multiplying the homeowner's monthly disposable income by 12.	None	WASH. REV. CODE ANN. § 84.36.381 (West 2004).
West Virginia	65	Owner occupied.	First $20,000 of assessed value is exempt.	None	W. VA. CODE ANN. Art. 10, § 1b(c) (Michie 2003).
Wisconsin	All ages		Lottery and gaming credit is applied to each principal dwelling by multiplying the school tax rate by the estimated fair market value. School levy tax credit is distributed to the municipalities as a proportion of their share of the sum of average school tax levies.	None	WIS. STAT. § 79.10 (2003-2004).
Wyoming	All ages	Must be occupied from the beginning of the calendar year.	A credit of $1,460 times the mill rate is applied if the dwelling on less than 2 acres has a combined value of less than $3,900. A credit of $590 times the mill rate is applied if the dwelling on less than 2 acres has a combined assessed value of less than $5,850.	None	WYO. STAT. ANN. § 39-13-109 (Michie 2003).

Appendix B: Deferral Programs

State or Jurisdiction	Age Minimum	Other Requirements	Description of Deferral or Freeze	Income Limit	Statute
Alabama			No Provision		
Alaska			No Provision		
Arizona	70	Must own the property and be a resident for 10 years or lived in home for 6 years. Cannot own any other real property.	Deferral of property taxes on primary residence valued at $150,000 or less.	$10,000	ARIZ. REV. STAT. § 42-17302 (2004).
Arkansas			No Provision		
California	62 under §20505	Must apply between May 15th and December 10th.	Property taxes are postponed and then repaid by the taxpayer's estate.	$20,514	CAL. REV. & TAX CODE § 20630 (2004).
Colorado	65	Must apply between January 1st and April 1st.	Can defer the previous years taxes and continue to defer.	None	COLO. REV. STAT. § 39-3.5-102 (2004).

Connecticut	65	Must be a taxpayer for at least 1 year.	Municipality may vote to provide tax relief.	Set by municipality.	CONN. GEN. STAT. § 12-129n (2004).
Delaware			No provision		
District of Columbia	All ages	Must own and occupy the home for 1 year. Must file an application with the mayor before last installment is due.	May defer each year any property tax owed in excess of 110% of last years property tax iability. Deferred taxes are subject to 8% interest annually.	None	D.C. CODE § 47-845 (2004).
Florida	All ages	Apply before March 1st each year.	Amount in excess of 5% of household income.	None	FLA. STAT. §196.011 (2004).
Georgia	62	Must apply by April 1st.	Can defer taxes for $50,000 of the assessed value.	None	GA. CODE ANN. § 48-5-72 (2004).
Hawaii			No Provision		
Idaho			No Provision		
Illinois	65	Must own and occupy the residence.	Freezes assessment	$40,000 (1999-2003); $45,000 (2004 and thereafter)	35 ILL. COMP. STAT. 200/15-172 (2004).

Indiana			No Provision		
Iowa	All ages	File with assessor between January 1st and April 1st	Deferral until property is sold or repaid by the estate.		IOWA CODE § 446.38; 427.8 (2004).
Kansas			No Provision		
Kentucky			No Provision		
Louisiana	65; 55 for a surviving spouse or no age requirement if the surviving spouse has minor children (G)(1)(a)(iii)	Must apply. The value of the property cannot increase by more than 25% due to reconstruction. (G)(1)(b)	A special assessment that remains the same. The millage rate can change.	$50,000	LA. CONST. art. 7, §18(G)(1) (West 2005).
Maine	65 as of April 1st of the year the claim is filed.	File claim between January 1st and April 1st.	Deferral of full amount	Less than $32,000 for single or couple	ME. REV. STAT. ANN. tit. 36, § 6251 (West 2004).
Maryland	65	Local limits	Counties and cities may defer		MD. CODE ANN., Tax-Property) §10-201 (2003).

Massachusetts	65 60		Deferral of water and sewer charges for tax exempt property owners. Work off up $750 of tax at minimum wage for the local government. § 5(K).		MASS. GEN. ANN. LAWS ch. 40, § 42J; ch. 83, § 16G (West 2004). ch. 59, § 5K.
Michigan	62		Full deferment for 1 year of summer property taxes until following February 15th.	$25,000	MICH. COMP. LAWS ANN. § 211.51 (West 2004).
Minnesota	65	Must own and occupy residence 15 years prior to initial application.	Defer up to 75% of estimated market value of home.	$60,000	MINN. STAT. § 290B.03 (2005).
Mississippi			No Provision		
Missouri			No Provision		
Montana			No Provision		
Nebraska			No Provision		
Nevada			No Provision		
New Hampshire	65		Local option to defer taxes. Decided annually. 5% interest rate. Cannot defer more than 85% of equity. **Repealed April 1, 2005.**		N.H. REV. STAT. ANN. § 72:33-b (2004).

New Jersey			No Provision		
New Mexico	65		The homeowner's assessment is the lesser of a past assessed value or a later assessed value.	$18,000 in modified gross income adjusted annually	N.M. STAT. ANN. § 7-36-21.3; 8 (Michie 2003).
New York			No Provision		
North Carolina			No Provision		
North Dakota	65	Must apply by February 1st. Special assessment credits must be repaid at a 9% interest rate § 57-02-08.3(3)(a)	Statute refers to the deferral of property tax as a special assessment credit	$14,000	N.D. CENT. CODE § 57-02-08 (2003).
Ohio			No Provision		
Oklahoma			No Provision		
Oregon	62		Deferral applies to property tax and special assessments.	$32,000 for a house-hold	OR. REV. STAT. § 311.668 (2005).

Pennsylvania	All ages	Must apply § 8576 Eligibility requirements for senior citizens are listed in Rebate & Assistance Act P.C. 104 No. 3	Can defer amount equal to increase in property tax on homestead (§ 8575).		53 PA. CONS. STAT. ANN. § 8572-8577 (2004).
Rhode Island	65	Local restrictions apply.	City or town can freeze assessed value or exempt home owner.		R.I. GEN. LAWS § 44-3-16 (2004).
South Carolina			No Provision		
South Dakota	All ages	Must have resided in the single-dwelling home for the last 200 days, owned it for at least one year, and the homeowner must be a resident for at least 1 year. Must apply.	Assessment freeze	$20,000 for single-member households; $25,000 for multiple member households (Jan. 2005, the income cap will be increased by the index factor)	S.D. CODIFIED LAWS § 10-6A-2 (Michie 2004).

Tennessee	70	Must apply and have owned the home for 20 of the last 30 years.	In municipalities with a population greater than 890,000, the local government has the option of freezing the taxes.	$25,000	TENN. CODE ANN. § 67-5-1515 (2004).
Texas	65	Must own and occupy the residence.	Deferral of collection of property tax, abate collection of delinquent tax or abate a sale to foreclose a tax lien.	None	TEX. TAX CODE ANN. §33.06 (Vernon 2004).
Utah	65	County shall consider asset transfers to relatives made within 3 years prior to application.	County option to defer taxes. The deferred taxes accumulate with interest at a rate equal to the lesser of 6% or the target federal fund rate as defined in 12 C.F.R. Sec. 201.2.	Cannot own income producing property that could be sold to pay taxes.	UTAH CODE ANN. § 59-2-1108; 1109 (2004).
Vermont			No Provision		
Virginia	65	Must own and occupy the residence.	Any county, city or town can defer or exempt by ordinance.		VA. CODE ANN. § 58.1-3210 (Michie 2004).

Washington	60 as of December 1st of the year deferral is claimed; 57 if a surviving spouse	Must keep fire and casualty insurance to protect the interest of the state.	Can defer taxes up to 80% of the amount of equity in the home.	$40,000	WASH. REV. CODE § 84.38.030 (2004).
West Virginia			No Provision		
Wisconsin	All ages	Must have resided in home for a substantial period of time.	Deferral available from the state Housing Authority	Must be low or moderately low income	WIS. STAT. § 234.621 (2003-2004).

Wyoming	All ages	Must file before the first Monday in June. Must not exceed 2 acres of land.	A refund of any ad valorem tax is available if the home owner timely paid on the principal residence for the preceding year. Will be repealed on January 1, 2008.	The total household income must be less than ½ of the median income in the county of residence and the home owner's total household assets cannot exceed $5,000 as adjusted annually by the Wyoming cost-of-living Index.	WYO. STAT. ANN. § 39-13-109 (Michie 2004).