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Awareness and Popularity of Property Tax Relief Programs

by

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The Public Policy Institute, formed in 1985, is part of The Research Group of the American Association of Retired Persons. One of the missions of the Institute is to foster research and analysis on public policy issues of interest to older Americans. This paper represents part of that effort.

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Executive Summary

Background

From 1972 to 1994, the U.S. Advisory Commission on Intergovernmental Relations (ACIR) conducted public opinion surveys on attitudes toward governments and taxes. For 20 of those years, the survey included a question asking respondents to choose the least fair tax among four common taxes: the property tax, the federal income tax, the state income tax, and the state sales tax. Respondents ranked the local property tax as the least fair tax in eight of the 20 years.[1] In addition to being unpopular, property taxes are often considered regressive and can be the single most burdensome tax for many low-income and older persons.

To help alleviate the property tax burden, state/local governments have created a number of property tax relief programs. Chief among them are the homestead exemption, property tax credit, and property tax deferral programs.

Homestead exemptions are reductions in the amount of assessed property value subject to taxation for owner-occupied housing. Most homestead exemptions provide the same reduction in the assessed property value for all eligible households. However, some programs offer exemptions that phase out as income increases. This is a form of "circuitbreaker" program that usually occurs when tax credits decrease as income increases.

State governments offer two types of *property tax credit* programs: (1) homestead credit programs that provide the same reductions in property taxes to all eligible households, and (2) "circuitbreaker" programs in which tax credits decrease as income increases.

Property tax deferral programs allow older and disabled homeowners to defer payment of all or a portion of their property taxes until the sale of their property or death. The deferred taxes become a lien against the value of the home.

Purpose

Many state legislatures have proposed laws that enhance existing property tax relief programs or create new ones. However, before expanding old tax relief programs or introducing new ones, policymakers might find it useful to know how effective existing programs are.

In order to assess the effectiveness of these programs, a telephone survey of 767 AARP members aged 65 and over was conducted. The survey's purpose was to:

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[1] U.S. Advisory Commission on Intergovernmental Relations, *Changing Public Attitudes on Governments and Taxes*, Reports S-1 to S-23, (Washington, DC: 1972-1994).

- Estimate eligible older homeowners' and renters' awareness of homestead exemption, property tax credit, and property tax deferral programs in their states.

- Estimate the rate of participation of eligible older homeowners and renters in homestead exemption, property tax credit, and property tax deferral programs in their states.

- Determine the reasons why eligible older homeowners and renters choose not to participate in the homestead exemption, property tax credit, and property tax deferral programs.

Methodology

Each of the state property tax relief programs differs in eligibility requirements (age, income, and homeowner status--owner or renter). To increase the chances that the surveyed households qualified for a property tax relief program, we used a three-step procedure.

1. A random sample of one percent of all AARP member households was drawn from AARP's Insight Database which contains information on members' ages and estimated incomes.

2. The one percent sample (about 220,000 households) was then divided or stratified into two groups: those likely to be eligible (based on age 65-plus and estimated incomes for each of the state programs--as shown in Appendices A, B, and C) and those unlikely to be eligible for property tax relief programs.

3. A random sample of 10,000 member households was then drawn from the eligible population.

The first questions of the survey instrument were designed to further exclude ineligible households based on eligibility criteria, i.e., age, income, and homeowner status (owner or renter) of the state property tax relief programs. The subsequent questions, asked of all eligible households, related to the study's objectives.

Respondents were asked whether or not they were familiar with their state's homestead exemption, property tax credit, and property tax deferral programs. They were not asked directly about "circuitbreaker" programs, since it was assumed that most of them would not know its technical definition. Instead they were asked about property tax credits, which consist of circuitbreaker programs (offering tax credit benefits) and homestead credit programs. Of the 4,160 households contacted, 767 households that qualified for at least one property tax relief program in their state fully answered the survey's questions.

Principal Findings

A. Awareness and application rates of property tax relief programs are greater for homestead exemptions

Awareness and Application Rates of Property Tax Relief Programs (in percents)

Program Type	Awareness rate of eligible respondents (%)	Application rate of eligible respondents (%)	Application rate of eligible respondents aware of the program* (%)	Sample Size (N)
All programs**	66	16	24	767
Homestead Exemption	66	17	26	487
Property Tax Credit***	31	2.5	8.1	325
Property Tax Deferral	20	0.3	1.4	344

*The application rate refers to the proportion of respondents who were aware of a program and actually applied to it. Respondents who were unaware of these programs were excluded.
**Refers only to the homestead exemption, property tax credit (homestead credit and circuitbreaker programs), or property tax deferral programs. It does not refer to other property tax relief programs, such as freezing assessed values. The rates reflect whether a respondent is aware of or applied for at least one program that he/she was eligible for.
***Property tax credit programs refer to circuitbreaker programs and homestead credit programs that offer tax credits for property taxes paid.

There are at least two possible reasons for the higher awareness and application rates for homestead exemption programs. First, new homeowners might be more likely to learn about homestead exemption programs from their neighbors and friends because these programs usually have no income requirements. More homeowners qualify and are therefore more likely to be aware of homestead exemption programs compared to property tax credit and property tax deferral programs, which usually have income requirements.

Second, households eligible for homestead exemption programs probably learn about these programs from their realtor or closing attorney at the time of purchasing a home. By contrast, households eligible for property tax credit programs are likely to learn about these programs through income tax booklets, public service announcements (PSAs), or newspaper ads, which may be less effective than a face-to-face discussion with a realtor or closing attorney.

As for property tax deferral programs, various factors explain their infrequent use. They do not give homeowners a tax reduction; instead they allow homeowners the option of deferring their property tax bills with interest. Many homeowners do not want a lien on their property and/or a finance charge on the amount of property taxes deferred, so they may be discouraged from participating in the deferral program.

Awareness and application rates were also investigated to determine if they were affected by age or household income. The Chi-square test of independence[2] revealed that awareness rates were related to age and income for homestead exemption programs and related to income for property tax credit programs. No relationships were found for property tax deferral programs. As for application rates, the Chi-square test of independence showed application rates were only related to income for homestead exemption programs and to age for property tax credit programs.[3]

B. The major reason for not applying to property tax relief programs is respondents felt they did not need assistance

This survey reveals the following reasons eligible respondents did not apply for property tax relief programs:

Reasons for Not Applying for Property Tax Relief Programs

Reasons for not applying	Percentage of total reasons given (N= 625 respondents)
Did not need assistance	41%
Wasn't aware of programs	25
Didn't think I would qualify	14
Other reasons	13
Don't know the reason	7

Respondents could provide as many reasons as they wanted. Surprisingly, a lack of awareness was not the main reason eligible households failed to apply for tax relief programs; rather, it was because respondents felt they did not need property tax assistance.

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[2]A statistical test that ascertains whether a categorical variable, such as a person's income, is significantly associated with another variable, such as a homeowner's awareness of a property tax credit program. For example, the test may show a high-income homeowner is more likely to be aware of a property tax credit program than a low-income homeowner.

[3] The test results have a 95 percent confidence level. This means that there is less than a five percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

Conclusions

This survey reveals that many households that meet the eligibility criteria of property tax relief programs are unaware of their existence. This is especially true for those programs with income requirements (primarily circuitbreaker programs), as well as property tax deferral programs (some of which have income requirements). This may suggest that further outreach efforts by state and local governments are needed. In addition, eligible households whose members are aged 75 and over and low-income households aged 65 and over were found to have a lower awareness of property tax relief programs. This suggests that greater outreach efforts should be directed to these households.

Although a great proportion of eligible respondents were unaware of property tax relief programs, an even greater proportion did not apply for these programs because they felt they did not need assistance or for other reasons. This survey indicated that over four-fifths (83 percent) of eligible households did not apply for any of these programs. Even among eligible households that were aware of these programs, a maximum of just over one-fourth (26 percent) applied to any of these programs.

Eligible respondents indicated they did not apply for property relief programs primarily because they did not feel they needed the assistance. However, about one-third (31 percent) of the 269 respondents who indicated they did not need assistance said they would apply if they were given more information or assistance with the application process. This suggests that further government efforts to educate, assist, and inform eligible households would improve the application rate, although some eligible households would apparently still fail to apply. Low application rates may also be misleading, as some respondents may not remember that they applied to these programs, especially for homestead exemption programs that require homeowners to apply only once upon the purchase of the home.

As for property tax deferral programs, these are the least popular of the programs surveyed. These programs would probably remain unpopular, even if more people knew about them, because of property liens. However, these programs function as an important safety net in helping to ensure that homeowners are able to retain their homes, especially those with high property tax burdens and no other available forms of property tax relief.

Even though half of the states grant property tax relief to both homeowners and renters, only 36 renters were interviewed in this survey. Of the 36 renters, over one-fourth (28 percent) said they did not apply for property tax relief programs because they were not property owners. This may suggest that many renters are misinformed about being eligible for property tax relief. Future studies may want to examine more fully the differences in awareness and application rates between renters and homeowners.

Awareness and Popularity of Property Tax Relief Programs

Introduction

Of all the revenue sources that local governments use, the one they rely on most heavily is the local property tax. On average, for fiscal year 1994, local property taxes constituted three-fourths of all local taxes and almost half of all local revenues.[1]

As for other tax sources, 30 state governments allow localities to collect some form of local general sales taxes. Local general sales taxes made up 10 percent of all local taxes collected in fiscal year 1994. Local personal income taxes are less common. Only seven states have local personal income taxes. Of all local taxes collected, only five percent came from local income taxes in fiscal year 1994.[2]

From 1972 to 1994, the U.S. Advisory Commission on Intergovernmental Relations (ACIR) has conducted public opinion surveys on attitudes towards governments and taxes. For 20 of those years, the survey included a question asking respondents to choose which tax was the least fair among four common taxes. These four taxes were the property tax, the federal income tax, the state income tax, and the state sales tax. Respondents ranked the local property tax as the least fair tax in eight out of the 20 years.[3] In addition to being unpopular, property taxes are often considered regressive and can be the single most burdensome tax for many low-income and older persons.

In a study comparing the regressivity of property taxes for the older (aged 65-plus) and younger (less than age 65) populations, Reschovsky compared single-year data on property tax burdens with data based on a 12-year period.[4] Previous studies had usually collected data for only a single year, but Reschovsky examined a larger period "because incomes tend to fluctuate substantially from year to year."[5]

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[1] U.S. Department of Commerce, Bureau of the Census, *United States State and Local Government Finances by Level of Government: 1993-94* (Census Internet Site -- http://www.census.gov/govs/estimate/94stlus.txt).

[2] Ibid.

[3] U.S. Advisory Commission on Intergovernmental Relations, *Changing Public Attitudes on Governments and Taxes*, Reports S-1 to S-23, (Washington, DC: 1972-1994).

[4] Reschovsky, Andrew. *Do the Elderly Face High Property Tax Burdens*? (Washington, DC: AARP, May 1994, p. 4).

[5] Ibid., p.2.

Based on the single year of sample data, Reschovsky found the property tax to be regressive for both older and younger households, but more so for the older households. However, based on 12 years of data, he found that property tax burdens for younger homeowners were essentially proportional across income classes, but were still regressive for older homeowners. In addition, Reschovsky found that older homeowners face higher property tax burdens than younger homeowners with identical average incomes. This is partially explained by the fact that, on average, older homeowners live in higher-value homes than younger homeowners with similar incomes.[6]

To help alleviate the property tax burden, state governments have created a number of property tax relief programs. Chief among them are homestead exemption, property tax credit, and property tax deferral programs. Property tax relief programs vary in their eligibility requirements. Some programs are open to all homeowners; others are open to homeowners and renters. Some restrict eligibility by income, age, ownership status (homeowner or renter), or assets.

Homestead exemptions are reductions in the amount of assessed property value subject to taxation for owner-occupied housing. Most homestead exemptions provide the same reduction in the assessed property value for all eligible households. However, four homestead exemption programs (Nebraska, North Dakota, Ohio, and Washington--as shown in Appendix A) phase out exemptions as income increases (a form of circuitbreaker program as described below).

Unlike most property tax credit programs, which offer rebates to homeowners as well as renters, no homestead exemption programs benefit renters. In most cases, although income may be a criterion for eligibility, the benefit amount for homestead exemptions is not related to income level. Twenty-eight states and the District of Columbia provide homestead exemptions.

State governments offer two types of *property tax credit* programs--homestead credit programs and circuitbreaker programs. *Homestead credit programs* offer the same reductions in property taxes to all eligible households. For example, New Jersey offers a credit of $90 to all homeowners and $30 to all renters under age 65 whose income is $40,000 or less. The homestead credit remains the same for all eligible households.

States also offer *circuitbreaker programs* in which tax credits decrease as income increases. Most of these circuitbreaker programs are limited to low- and moderate-income homeowners and renters. Circuitbreakers usually relieve the property tax burden by setting income thresholds that property taxes cannot exceed. Homeowners or renters whose property taxes are above the threshold receive a rebate of their property taxes. Nearly one-third of circuitbreaker programs provide rebates through state income tax reductions. Thirty states and the District of Columbia have circuitbreaker programs offering tax credits. Of the 30 states and the District of Columbia,

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[6]Reschovsky, Andrew. *Do the Elderly Face High Property Tax Burdens*? (Washington, DC: AARP, May 1994, pp. ii, iii, and 11).

all but five states offer circuitbreaker programs to both homeowners and renters; four states offer circuitbreaker programs only to homeowners, and Oregon offers a circuitbreaker program that is targeted to renters only.

Property tax deferral programs allow older and disabled homeowners to postpone payment of all or a portion of their property taxes until the sale of their property or death. The deferred property taxes become a lien against the value of the home. With most programs, homeowners must reapply each year to defer the next year's property tax bill. The state will charge the homeowner an interest/finance charge against the amount of property taxes deferred. Of the three property tax relief programs surveyed, the deferral program is the least widely available: only 22 states and the District of Columbia offer such programs. Features of state circuitbreaker, homestead, and property tax deferral programs are highlighted in Appendices A, B, and C.

Other mechanisms that states use to alleviate property taxes include freezing assessed property values, property tax rates, and property taxes. For instance, in Texas school property taxes are frozen for homeowners aged 65 and over.

Property tax relief programs are administered by various government offices, including local assessors' offices. Property tax relief programs can help local assessing officials address complaints about high property taxes due to high assessments or tax rates by providing eligible households with information on how to apply for such programs.

Purpose

Many state legislatures have proposed laws that enhance existing property tax relief programs or create new ones. However, before expanding old tax relief programs or introducing new ones, policymakers might find it useful to know how effective existing programs are.

This study undertook to:

- Estimate eligible older homeowners' and renters' awareness of homestead exemption, property tax credit, and property tax deferral programs in their states.

- Estimate the rate of participation of eligible older homeowners and renters in homestead exemption, property tax credit, and property tax deferral programs in their states.

- Determine the reasons why eligible older homeowners and renters choose not to participate in the homestead exemption, property tax credit, and property tax deferral programs.

Methodology

In order to assess the effectiveness of these programs, ICR Survey Research Group conducted a telephone survey of AARP members aged 65 and over.

Prior to conducting the property tax relief survey, information on eligibility criteria for the property tax relief programs was collected from the relevant state and local government offices, e.g., county assessors' offices. These criteria are age, income, homeowner status, and total assets. Each state program has different eligibility criteria (see Appendices A, B, and C). For example, Hawaii's circuitbreaker program is limited to homeowners aged 55 and over whose household income is $20,000 or less. Except for total assets, these factors were used to identify households eligible for each of the property tax relief programs. Seven programs requiring total asset information from eligible households were excluded from the questionnaire because this information was too complex for a telephone interview.

Other programs excluded from the questionnaire were the following: two circuitbreaker programs (Arizona and West Virginia) whose income threshold was $5,500 or less; programs that were not available statewide, i.e., local option programs; and those programs that are automatic, i.e., a homeowner is automatically enrolled in the program without having to apply.[7] Altogether, eight out of 40 property tax credit programs (20 percent), eight out of 33 homestead exemption programs (24 percent), and nine out of 23 property tax deferral programs, (39 percent) were excluded for these reasons.

Because of budgetary and time constraints, the survey was limited to AARP members aged 65 and over. Although this restriction limits the generalizability of the survey, it is worth noting that an estimated 55 percent of all persons aged 65 and over are AARP members.[8]

To increase the chances that a household qualifies for a property tax relief program, a three-step procedure was used. First, a random sample of one percent of all AARP member households was drawn from AARP's Insight Database. The Database contains information on members' age and estimated incomes. Second, the one percent sample (about 220,000 households) was then divided or stratified into two groups: those likely to be eligible (based on age--65-plus--and estimated incomes for each of the state programs as shown in Appendices A, B, and C), and those unlikely to be eligible for property tax relief programs. Third, a random sample of 10,000 member households was then drawn from the eligible population. Attempting to identify and contact eligible households from a random sample of all U.S. households with no previous information on a household's age or income would have been extremely costly.

In order to successfully obtain a sample size of approximately 800 households for the survey, ICR was given the names and addresses of the 10,000 AARP member households from the Insight Database. Out of the 10,000 households, ICR received telephone numbers of 6,661 households from Telematch, Inc. (a firm that provides phone numbers of residences based on names and addresses). From the 6,661 potential households, 4,160 households were contacted

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[7] Only officials from Arizona's homestead credit program and Maryland's homestead exemption program indicated that their programs were automatic, i.e., households did not have to apply for them.

[8] Walsh, India. *AARP's 1996 Membership Demographic Study.* (Washington, DC: AARP, Marketing Analysis and Assessment, Membership Group, January 1997, p. 10).

in order to obtain 800 households that qualified for at least one property tax relief program.[9] However, 33 of the 800 households were later disqualified because of age or other eligibility requirements, resulting in a total of 767 households that were used for this study.

Because each program can have different eligibility criteria, a separate telephone survey for each of the property tax relief programs (homestead exemption, property tax credit, and property tax deferral programs) would have been ideal. However, due to budgetary constraints, a single survey was used to ask about all three programs. The main disadvantage of conducting one survey for all three programs is that the number of eligible households varies by program, since not all households necessarily qualify for all three property tax relief programs that may be available in a state.

Table 1
Number of Eligible Households Sampled
by Property Tax Relief Program

Property tax relief offered	**Sample Size (N)**
All property tax relief programs combined*	767
Homestead Exemption	487
Property Tax Credit**	325
Property Tax Deferral	344

*Includes only homestead exemptions, property tax credits, and property tax deferral programs.
** Property tax credit programs refer to circuitbreaker programs and homestead credit programs that offer tax credits for property taxes paid.

The first questions of the survey instrument were designed to further exclude households likely to be ineligible based on age, income, and homeowner status criteria (see Appendices A, B, and C). The subsequent questions, asked of all eligible households, related to the study's objectives. Of the 4,160 households contacted, 767 households that qualified for at least one property tax relief program in their state fully answered the survey's questions (see Table 1).

In the first part of the survey, respondents were not asked for their exact income; instead, in order to increase the response rate, they were asked to indicate the range into which their income fell, e.g., between $15,000 and $20,000. They were considered eligible for a state program if their income and the threshold for program eligibility both fell within the same range.

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[9] Of the 4,160 households contacted, 1,892 households refused to start or complete the interview; 307 households said they were ineligible; 133 households were found to be ineligible during the interview process; 419 households could not be reached after 5 callbacks; 162 phone numbers were non-working numbers; and 32 households did not understand the interviewer due to language problems.

Although it may increase response rates, asking respondents for an income range rather than their precise income might still result in some unqualified respondents being interviewed. For instance, if the respondent says his/her income is between $15,000 and $20,000, but the actual income is $19,500, and the property tax relief program is only open to people whose income is $16,000 or less, then the respondent would be misclassified. Because the respondent's actual income is higher than the eligibility threshold, the survey would have erroneously included the respondent. Further analysis of the data revealed that a total of 25 eligible respondents (3.3 percent) could have been misclassified as follows: 5 respondents in homestead exemption programs, 15 respondents in property tax credit programs, and 5 respondents in property tax deferral programs.

In a related problem, the income information given by respondents may not be accurate or may not equal their income based on the program's definition of income. For instance, the program's definition may include interest income, while the respondent may have only considered pension income and Social Security benefits. Unless the respondent provides income based on the program's definition of income, he/she may be incorrectly classified.

To ascertain respondents awareness of property tax relief programs, they were first asked, without being read the actual program names, if they knew the names of property tax relief programs in their state (unaided question). Respondents who could not provide the names of property tax relief programs were then asked if they were aware of any of the following property tax relief benefits (aided question):

Category 1: an income or other tax credit for property taxes;
Category 2: an exemption off the home's property value;
Category 3: a property tax deferral; and
Category 4: some other form of property tax relief to help pay property taxes.

Category 1 refers to "circuitbreaker" tax credit programs or to homestead tax credit programs. Respondents could be eligible for one of 33 programs (28 circuitbreaker programs and five homestead credit programs) in this category. Category 2 consists of 24 homestead exemption programs (22 programs in which the value of exemptions does not change with income and two programs in which the exemption amounts phase out as income increases) that a respondent could be eligible for. Category 3 refers to property tax deferral programs. Respondents could be eligible for one of the 14 property tax deferral programs in this category.

These categorical distinctions help simplify differences among property tax relief programs for the respondents. This is in contrast to asking respondents about circuitbreaker programs, since many of them might not understand the technical definition of the term "circuitbreaker." Answers from the unaided and aided questions were combined to arrive at an awareness rate of eligible households for all three property tax relief programs (shown in Table 2).

Respondents were then asked if they had ever applied to any of the property tax relief programs as defined by categories one through four. This could refer to property tax relief for the respondents' current residence or previous residence. Respondents who did not apply for the property tax relief programs were then asked the reasons for not applying, including not being aware of the program.

Respondents who did apply for the property tax relief programs were asked if they actually received any tax relief; if they did not receive relief, they were asked to indicate the reasons. Respondents who were aware of any program were asked how they heard about it. All respondents were asked for any suggestions for improving property tax relief programs.

Participant profile of households sampled

As mentioned earlier, the households that were randomly selected from AARP's Insight Database were drawn from households that were likely to qualify for property tax relief programs based on eligibility criteria (i.e., age and household income). The use of the Insight Database helped increase the chances that a household would qualify for a property tax relief program based on members' age and estimated income data. Therefore, the population base for this survey differs from the population base of all AARP members aged 65 and over and from the population base of all U.S. households aged 65 and over.

Of the 767 households sampled, only 36 (five percent) were renters. The average age of respondents was 74, with about three-fifths (61 percent) ages 65 to 74 and about two-fifths (39 percent) aged 75 and over. The respondents median household income of the was estimated at $17,500, compared to a national average of $19,096 in 1995 for households aged 65 and over.[10] The difference is not surprising, since the sample was selected based in part on low-income eligibility criteria.

A breakdown of respondents by household income, region, and marital status is shown in Appendix D. More than half (58 percent) of the respondents were married and about half (51 percent) were from the South. In addition, more than half (53 percent) of the respondents had household incomes below $20,000.

Results and Discussion

A. Awareness Rates

Awareness and application rates for each of the property tax relief programs are shown in Table 2. Sampling errors for the awareness and application rates can be found in Appendix E.

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[10] U.S. Bureau of the Census, Current Population Reports, P60-193, *Money Income in the United States: 1995 (With Separate Data on Valuation of Noncash Benefits).* (Washington, DC: U.S. Government Printing Office, 1996 p. 1).

Table 2
Awareness and Application Rates of Property Tax Relief Programs (in percents)

Program Type	Awareness rate of eligible respondents (%)	Application rate of eligible respondents (%)	Application rate of eligible respondents aware of the program* (%)	Sample Size (N)
All programs**	66	16	24	767
Homestead Exemption	66	17	26	487
Property Tax Credit***	31	2.5	8.1	325
Property Tax Deferral	20	0.3	1.4	344

*The application rate refers to what proportion of respondents who were aware of a program and actually applied to that program. Respondents who were unaware of these programs were excluded.

**Refers only to the homestead exemption, property tax credit (homestead credit and circuitbreaker programs), or property tax deferral programs. The rates reflect whether a respondent is aware of or applied to at least one of the programs that he/she is eligible for.

***Property tax credit programs refer to circuitbreaker programs and homestead credit programs that offer tax credits for property taxes paid.

Significant differences existed in awareness rates for the three programs. Homestead exemption programs had the highest awareness rates, while property tax deferral programs had the lowest awareness rates.[11]

There are various reasons for the higher awareness rates of homestead exemption programs. First, new homeowners might be more likely to learn about homestead exemption programs from their neighbors and friends because these programs are usually available to all homeowners (i.e., there are no income requirements). More homeowners qualify and are therefore more likely to be

[11] One reason the awareness rates in Table 2 were not higher is because of coding decisions that were made in the case of ambiguous responses involving homestead exemption and property tax credit programs. Twenty-seven respondents said they were aware of homestead exemption programs but not property tax credit programs, even though their states only offered property tax credit programs. Another six respondents indicated the reverse: they were aware of property tax credit programs but not homestead exemption programs, even though only homestead exemption programs actually existed in their state.

These 33 responses were excluded in calculating awareness rates (Table 2) because of the ambiguity about whether they were actually aware of property tax credit or homestead exemption programs. However, if their responses had been included in the awareness rate results, the property tax credit awareness rate would increase from 31 percent to 39 percent, while the homestead exemption rate of 66 percent would remain unchanged. Including these responses reduces the difference in awareness rates between the homestead exemption and property tax credit programs to 27 percent (66 percent minus 39 percent) compared to a difference of 35 percent (66 percent minus 31 percent) shown in Table 2.

aware of homestead exemption programs compared to property tax credit and property tax deferral programs, which usually have income requirements.

Second, realtors or closing attorneys are also more likely to be familiar with homestead exemption programs because of their broad availability, and are therefore more likely to inform prospective homeowners about their existence.

Third, because more homeowners are likely to qualify for homestead exemption programs than for property tax credit and property tax deferral programs (that usually have income requirements), realtors have a greater incentive to inform prospective homeowners about homestead exemption programs to improve their chances of selling a home. In contrast, households eligible for property tax credit and property tax deferral programs are likely to learn about these programs through income tax booklets, public service announcements (PSAs), or newspaper outreach efforts, which may be less effective than a face-to-face discussion with a realtor or closing attorney.

To further understanding of awareness rates, respondents were asked how they found out about property tax relief programs. They could provide as many sources as they wanted. Most of the answers revolved around the newspaper and word-of-mouth from friends, family, and acquaintances as shown in Table 3.

Table 3
Sources of Information for Awareness of Property Tax Relief Programs

Information source	Percentage of answers given (N= 541 respondents)
Newspaper	20%
Friends/family/acquaintances	16
Government agency	12
Income tax booklet	7
Realtor/accountant	6
Other	19
Don’t know	20

B. Application Rates

Of the 767 eligible respondents in the survey, only 120 (16 percent) had ever applied for any of the property tax relief programs. Ninety-one (76 percent) of the 120 respondents who had ever applied reported they were currently receiving property tax relief; twenty-seven (23 percent) reported they were not receiving relief, and another two (2 percent) did not know if they were receiving property tax relief.[12] Since the survey question asked eligible households if they ever

[12] These results refer only to property tax relief programs mentioned in Table 1.

applied for property tax relief programs, many of them might have applied when their circumstances were different, e.g., when they lived in another state and/or a different residence, rather than during the current fiscal year. Of the 27 eligible respondents that applied for property tax relief but were not receiving it, 14 (52 percent) said it was because they did not qualify or no longer qualified for the program.

Differences in application rates by program follows a similar pattern as awareness rates; homestead exemption programs have the highest application rates, while property tax deferral programs have the lowest application rates (Table 2).

Table 2 also reveals that, although program awareness can significantly affect whether or not an eligible household applies for that program, it is not the only reason. At most, only about one in four households that were aware of the program actually applied. To discover why, the 625 eligible households (out of 767) that did not apply for property tax relief programs were asked why they did not apply.[13] Respondents could list as many reasons as they wanted. They reported the following reasons for not applying:

Table 4
Reasons for Not Applying for Property Tax Relief Programs

Reasons for not applying	**Percentage of total reasons given (N= 625 respondents)**
Did not need assistance	41%
Wasn't aware of programs	25
Didn't think I would qualify	14
Other reasons[14]	13
Don't know the reason	7

The primary reason was that respondents felt they did not need property tax relief, even though they were eligible. The second reason given was a lack of awareness of the programs.

However, in another question, respondents were asked, "Would you have applied if you were given more information about the program or assistance with the application process?" Out of the 269 eligible respondents that answered that they did not need property tax assistance, 84, or 31 percent, responded that they would apply to property tax programs if they were given more information or assistance. This suggests that more eligible homeowners would apply if they were provided with the right type and amount of assistance from state or local government officials. However, 155 eligible respondents, or 58 percent, who felt they did not need assistance, still

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[13] The 625 eligible households do not include two households that did not know if they ever applied for property tax relief programs.

[14] Two respondents indicated that they did not apply because of they did not want a lien on their property, which helps explain the unpopularity of property tax deferral programs.

would not apply. The remaining 30 respondents who felt they did not need assistance said they did not know or refused to answer the question.

This indicates that even with greater government efforts, many eligible recipients of property tax relief programs still will not apply; more research on these types of respondents may be warranted. Overall, over two-fifths (44 percent) of all eligible respondents that did not apply for property tax relief programs said they would apply if they were given more information or assistance with the application process.

The third most frequent reason eligible respondents gave for not applying for property tax relief programs is they thought they did not qualify. There are at least two possible explanations for this. First, respondents may have had an inaccurate understanding of the eligibility criteria for the property tax relief programs. Second, many property tax credit programs are circuitbreaker programs in which an income threshold, such as 3.5 percent of household income, is compared to the actual property taxes paid. The property tax credit is based on the amount by which property taxes exceed the income threshold. If property taxes do not exceed the income threshold, the household will not receive the tax credit even if eligibility criteria are met. Therefore, even if the eligibility criteria described in Appendix A indicate that a respondent is eligible for a specific program, he/she may not receive benefits if property taxes do not exceed the income threshold.

C. Comparison of renters' and homeowners' awareness and application rates

Of the 767 respondents in this survey, only 36 renters (five percent) were interviewed. This is partially due to the higher homeowner rate among households aged 65 and over (79 percent) than among households of all ages (65 percent).[15] Second, homeowners are eligible for more property tax relief programs than renters. Third, except for Montana's circuitbreaker program (Table A-2), all programs for renters have an income requirement. This is in contrast to programs for homeowners, many of which have no income requirements (Tables B-1 and C-1), leading to more eligible households that could have been contacted.

Due to the small sample size of renters, it is impossible to make meaningful comparisons between renters and homeowners in awareness and application rates. However, when the renters were asked why they did not apply for property tax relief programs, 10 out of 36 (28 percent) answered that it was because they were not property owners. This suggests that many renters think property tax relief programs are intended only for homeowners. This may be worth exploring in future studies, since many renters may assume that property tax relief programs are intended only for homeowners. In addition, renters may be even less aware of these programs than homeowners.

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[15] U.S. Bureau of the Census, Current Population Survey/*Housing Vacancy Survey, First Quarter 1997*, (Washington, DC: U.S. Government Printing Office, 1997)

D. Impact of age or income on awareness and application rates

Given the awareness and application rates, the next question is whether or not these rates are influenced by age or household income. The awareness rates of households eligible for property tax relief programs were examined on a program-by-program basis (as shown in Table 5).

The results suggest that awareness increases as income increases. With the exception of the property tax deferral program, for respondents whose income ranges from $20,000 to $29,999, awareness rose directly with income for all three programs. Differences in awareness rates among households of various incomes are dramatic. These differences range from 28 percent (76 percent versus 48 percent) for the homestead exemption program to 18 percent (42 percent versus 24 percent) for the property tax credit program to 14 percent (26 percent versus 12 percent) for the property tax deferral program.

Awareness is inversely related to age, however. Younger respondents (between the ages of 65 and 74) have higher awareness rates than older respondents (aged 75 and over) for all three programs.

Table 5
Awareness Rates of Eligible Households by Age and Income
(in percents)

Program	Total (%)	By Age (%)		By Income (%)			
		65-74	75+	<$10,000	$10,000-$19,999	$20,000-$29,999	$30,000 plus
All Programs*	66	70	61	51	62	73	77
Homestead Exemption	66	72	58	48	63	71	76
Property Tax Credit	31	34	26	24	25	38	42
Property Tax Deferral	20	23	17	12	20	26	23

*The All Programs designation combines the homestead exemption, property tax credit, and property tax deferral programs.

To determine the significance of these differences, the Chi-square test of independence[16] was used. This test confirmed that awareness rates were related to age as well as to income of the

[16] A statistical test that ascertains whether a categorical variable, such as a person's income, is significantly associated with another variable, such as a homeowner's awareness of a property tax credit program. For example, the test may show a high-income homeowner is more likely to be aware of a property tax credit program than a low-income homeowner.

respondents for the homestead exemption programs and for all three programs combined. For the property tax credit program, the test indicated that awareness rates were related to income but not age. As for property tax deferral programs, this test indicated that awareness rates were unrelated to the age or income of the household.[17]

The same analysis was done for the application rates. Overall, the application rates for all categories are much lower than the awareness rates of Table 2. Also, differences in application rates between age groups (65 to 74 and 75-plus) and among income groups are smaller than differences in awareness rates.

Table 6
Application Rates of Eligible Households by Age and Income
(in percents)

Program	Total (%)	By Age (%)		By Income (%)			
		65-74	75+	<$10,000	$10,000-$19,999	$20,000-$29,999	$30,000 plus
All Programs*	16	17	14	11	15	13	21
Homestead Exemption	17	20	14	12	15	13	25
Property Tax Credit	2.5	1.0	4.8	3.7	3.4	0	1.6
Property Tax Deferral	0.3	0.5	0	1.5	0	0	0

*The All Programs designation combines the homestead exemption, property tax credit, and property tax deferral programs.

However, the results (shown in Table 6) seem to partially mirror the awareness rates results for the homestead exemption program and for all programs combined (labeled “All Programs” in table): younger respondents as well as respondents with higher incomes ($30,000 and over) tend to have higher application rates. Surprisingly, however, older respondents have a higher application rate for the property tax credit program.

The Chi-square test of independence revealed that the application rate for the homestead exemption program is related to respondents’ income but not their age. For property tax credit programs, the test indicates that the application rate was positively associated with the age of respondents but not income.[18]

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[17] The test results have a 95 percent confidence level. This means that there is less than a 5 percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

[18] The test results have a 95 percent confidence level. This means that there is less than a 5 percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

With the property tax deferral program, only one eligible household applied (out of 72 eligible households that were aware of the program). It seems clear that the program is unpopular regardless of the age or income of the eligible household.

E. Participation rates in property tax relief programs

The application rates from the survey (Table 2) pertain to *AARP members aged 65 and over*. However, actual participation rates of *all households aged 65 and over* may be quite different if AARP members are different from the general population.

Calculating participation rates serves two purposes: it allows comparisons among states, and it provides comparisons with application rates from this survey of property tax relief programs. To get estimates on actual participation rates in property tax relief programs, data were obtained from the U.S. Census Bureau (homeownership rates, number of households, and percentage of households by income and age), the Social Security Administration (the ratio of Social Security beneficiaries aged 65-plus to disabled worker beneficiaries), and from various state administering offices (the number of program participants are shown in Appendix F). Because national averages were used to estimate homeownership rates and percentages of households by income and age group, estimated participation rates may differ from actual rates.

Enrollment data from the various state offices could not be obtained for all of the property tax relief programs. In particular, most of the homestead exemption programs are administered locally, which limited the availability of state enrollment data. In addition, many state administering offices could not adequately segregate older recipients from other qualified recipients, such as younger surviving spouses, in their enrollment data.

As shown in Appendix F, the participation rates of all three property tax relief programs seem to follow a pattern similar to the survey's application rates (Table 2); homestead exemption programs have the highest participation rates and property tax deferral programs have the lowest participation rates.

However, participation rates for the homestead exemption (60 percent to 100 percent) and property tax credit programs (17 percent to 100 percent) are significantly different from the survey's application rates of 17 percent (homestead exemption) and 2.5 percent (property tax credit). Participation rates for the property tax deferral program (0.2 percent to 8.1 percent) seemed reasonably consistent with the survey's application rate (0.3 percent).

As mentioned earlier, the estimated participation rates could have differed from the survey's application rates because the survey was based on AARP member households aged-65 plus and not on all households aged 65-plus. Another possible reason that the survey's application rate for the homestead exemption program was not higher was because some respondents may have forgotten that they applied for an exemption just after they purchased their home. Often, once homeowners apply for an exemption, they no longer have to reapply, while they remain in the same residence, since no income requirements exist. This is in contrast to many property tax credit programs, which require eligible homeowners or renters to reapply annually or periodically.

As for property tax credit programs, many reduce personal income taxes. Therefore, some respondents may have perceived the program as an income tax reduction rather than as a reduction in property taxes, resulting in a lower reported application rate.

As for property tax deferral programs, the estimated participation rates (Appendix F) of Oregon (8.0 to 8.1 percent) seem to be significantly higher than California, Colorado, Washington, and Wisconsin. Oregon's higher rates may be due to the following reasons: 1) applicants only have to apply once for the program for all subsequent years; 2) outreach efforts may be more organized and effective; and 3) Oregon's property tax burden is higher (except for Wisconsin). The main reason for Oregon's higher property tax burden is that the state has no general sales tax, resulting in a higher reliance on other tax sources, such as the property tax. A comparison of the tax burdens of all three states is highlighted below.

Table 7
Property Tax Burdens
Fiscal Year 1994

State	Per capita property taxes	Percentage of state personal income
California	$658	2.9%
Colorado	$724	3.3
Oregon	$814	4.2
Washington	$779	3.6
Wisconsin	$1,004	5.1

Source: U.S. Bureau of the Census, *State and Local Government Finances by Level of Government: 1993-94*, (Internet site: http://www.census.gov/govs/estimate/94stlus.txt).

Conclusions

The survey reveals that many eligible households are unaware of property tax relief programs. It also suggests that further outreach efforts are needed for all three property tax relief programs. Respondents' lack of awareness is especially true for those programs with income requirements (primarily circuitbreaker programs) and for property tax deferral programs (some have income requirements). Programs with income requirements and deferral programs rely primarily on state/local government outreach efforts, such as PSAs and newspaper ads. In contrast, outreach efforts by realtors or closing attorneys may be more effective for informing eligible households about most homestead exemption programs.

The survey results also suggest that outreach efforts might be emphasized more for low-income homeowners aged 65 and over and homeowners aged 75 and over, since these subgroups had lower awareness rates.

However, the survey results indicate that, even if eligible households were aware of property tax relief programs, a large proportion still would not apply. Only about one fourth of the eligible respondents who were aware of any of the property tax relief programs actually applied.

Eligible respondents indicated they did not apply for property tax relief programs primarily because they did not feel they needed the assistance. In fact, this reason accounted for 41 percent of all reasons given for not applying to property tax relief programs. However, almost one-third (31 percent) of the 269 eligible respondents who said they did not need assistance contended that they would apply if they were given more information or assistance with the application process. Moreover, over two-fifths (44 percent) of all eligible respondents that did not apply for property tax relief programs said they would apply, if they were given more information or assistance with the application process. This finding implies that local assessors and other administering offices could make dramatic increases in the participation rates of property tax relief programs. However, even with more effective assistance to eligible households, a certain proportion will probably not apply.

Future research may uncover reasons why homeowners feel they do not need property tax assistance even if they are eligible. Perhaps they view property tax relief programs as a form of welfare, and therefore reject these programs. If this is the case, state governments might restructure these programs more like an income tax credit so the stigma of a welfare program is not attached. It is also possible that benefits from a property tax relief program, such as property tax credits, are too small to justify the time and effort of applying for the program.

The application rates might have been lower than expected because respondents forgot that they applied to these programs. In particular, many state homestead exemption programs (without income requirements) require homeowners to apply once, just prior to or after purchasing their home. Therefore, if homeowners purchased their home a number of years ago, they may have forgotten about applying. If homeowners are unaware they are receiving relief, local assessment or tax collection offices may want to take further steps to include in homeowners' property tax bills a clear statement of the amount and type of property tax relief they are receiving.

As for property tax deferral programs, this survey reinforced anecdotal reports from state and local offices suggesting that these are very unpopular programs. Future studies could help clarify whether their unpopularity decreases as property tax burdens increase and/or if no other forms of property tax relief are available in a state.

One way of increasing the participation rate of the property tax deferral programs might be to reduce the finance/interest charge or to open the program to all households aged 65 and over at all incomes. However, even with these measures, it may be unlikely that these programs will increase significantly in popularity because of property liens and finance charges. Regardless of their unpopularity, these programs function as an important safety net in ensuring that homeowners are able to retain their homes, especially if no other forms of property tax relief are available.

Because the number of renters in the survey was so low (only 36 out of 767), it is impossible to provide meaningful comparisons between homeowners and renters. Nonetheless, it is worth noting that 10 out of the 36 renters (28 percent) indicated they did not apply for property tax relief because they were not property owners. This suggests that greater outreach efforts may be needed to educate renters that they are eligible, at least in some states, for property tax relief just as homeowners are. Future studies comparing awareness and application rates of renters and homeowners who are eligible for property tax relief programs could help provide information affecting the level of outreach efforts.

Appendix A

Table A-1
Circuitbreaker Programs for Homeowners: 1996

State	Eligible Homeowners	Maximum Household Income	Maximum Benefit
Arizona	Aged 65-plus	$3,750 (single) $5,500 (joint)	$502
Arkansas	Aged 62-plus	$15,000*	$250
California	Aged 62-plus, blind or disabled	$13,200	*
Colorado	Aged 65-plus, disabled, or surviving spouse aged 58-plus	$7,500 (single) $11,200 (joint)	$500
Connecticut	Aged 65-plus, disabled, or surviving spouse aged 50-plus	$21,800 (single) $26,800 (joint)	$1,000 (single) $1,250 (joint)
District of Columbia	All ages	$20,000	$750
Hawaii	Aged 55-plus	$20,000	$500
Idaho	Aged 65-plus, veterans, disabled, blind, or surviving spouses	$17,430	$800
Illinois	Aged 65-plus or disabled	$14,000	*
Iowa	Aged 65-plus or disabled	$14,000	$1,000
Kansas	Aged 55-plus, disabled, or with dependent children	$17,200	$600
Maine*	Aged 62-plus, or disabled aged 55-plus All ages	$10,000 (single) $12,400 (2 or more) $25,700 (single) $36,000 (2 or more)	$400 $700
Maryland	Aged 60-plus, disabled, or with dependents	None	*

Michigan	All ages	$82,650	$1,200
Minnesota	All ages	$65,450	$470
Missouri	Aged 65-plus or disabled	$15,000 (single) $17,000 (joint)	$750
Montana	Aged 62-plus All ages	None $15,307 (single) $20,410 (joint)	$1,000 *
Nebraska	Aged 65-plus Disabled	$19,501 (single) $23,001 (joint) $21,501 (single) $25,001 (joint)	* *
Nevada	Aged 62-plus	$19,100	*
New Jersey	Aged 65-plus, blind, or disabled	$100,000	$500
New Mexico	Aged 65-plus	$16,000	$250
New York	All ages	$18,000*	$375 (aged 65 and over) $75 (under age 65)
North Dakota	Aged 65-plus or disabled	$13,500*	$2,000 taxable value
Ohio	Aged 65-plus or disabled	$20,800	$5,000 AV
Oklahoma	Aged 65-plus or disabled	$10,000	$200
Pennsylvania	Aged 65-plus, disabled, or surviving spouses aged 50-plus	$15,000	$500
Rhode Island	Aged 65-plus or SSDI recipients	$12,500	$200
South Dakota	Aged 65-plus or disabled	$9,000 (single) $12,000 (2 or more)	*
Utah	Aged 65-plus	$19,425	$500
Vermont	All ages	$47,000	$1,500
Washington	Aged 61-plus	$28,000	*
West Virginia	Aged 65-plus	$5,000	$125
Wisconsin	All ages	$19,154	$1,160

AV=Assesssed value
SSDI= Social Security Disability Income

**Notes:*

Arkansas - WWI veterans and their widows exclude Social Security and retirement income.
California - 96 percent of tax on first $34,000 assessed value.

Illinois - Amount exceeding 3.5 percent of income, but not to exceed $700 less 4.5 percent of such income. Additional local option benefits available.
Maine - Homeowners aged 62 and over will receive the maximum tax credit available from the program offered to all ages or only to ages 62 and over. The application is the same for both programs.
Maryland - The net worth of homeowners cannot exceed $200,000 (not including the homestead itself). The maximum benefit is up to taxes paid on the first $60,000 AV.
Montana - The tax credit applies only to the first $100,000 of the homestead's fair market value.
Nebraska - The homestead value cannot exceed $115,000 or 150 percent of the county's average assessed value plus $20,000 (whichever is greater). The maximum homestead exemption cannot exceed $40,000 assessed value or 80 percent of the county's average assessed value of single family homes (whichever is greater) for homeowners aged 65 and over. The maximum homestead exemption cannot exceed $50,000 assessed value or 80 percent of the county's average assessed value of single family homes (whichever is greater) for disabled homeowners.
Nevada - 90 percent of tax owed up to $500.
New York - The fair market value for all real property cannot exceed $85,000.
North Dakota - Assets may not exceed $50,000 (excluding the first $80,000 of the homestead's market value).
South Dakota - 35 percent of taxes due (single) and 55 percent of taxes due (joint).
Washington - Up to 50 percent of total assessed value or $34,000 assessed value (whichever is greater).

Source: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices.

Table A-2
Circuitbreaker Programs for Renters: 1996

State	Eligible Renters	Maximum Household Income	Maximum Benefit
Arizona	Aged 65-plus	$3,750 (single) $5,500 (joint)	$502
California	Aged 62 -plus, blind or disabled	$13,200	$240
Colorado	Aged 65-plus, disabled, or surviving spouse aged 58-plus	$7,500 (single) $11,200 (joint)	$500
Connecticut	Aged 65-plus, disabled, or surviving spouse aged 50-plus	$21,800 (single) $26,800 (joint)	$700 (single) $900 (joint)
District of Columbia	All ages	$20,000	$750
Illinois	Aged 65-plus or disabled	$14,000	*
Iowa	Aged 65-plus or disabled	$14,000	$1,000
Kansas	Aged 55-plus, disabled, or with dependent children	$17,200	$600

Maine*	Aged 62-plus, or disabled aged 55-plus All ages	$10,000 (single) $12,400 (2 or more) $25,700 (single) $36,000 (2 or more)	$400 $700
Maryland	Aged 60-plus, disabled, or with dependents	None	$600
Michigan	All ages	$82,650	$1,200
Minnesota	All ages	$38,170	$1,090
Missouri	Aged 65-plus or disabled	$15,000 (single) $17,000 (joint)	$750
Montana	Aged 62-plus	None	$1,000
Nevada	Aged 62-plus	$19,100	*
New Jersey	Aged 65-plus, blind, or disabled	$100,000	$500
New Mexico	Aged 65-plus	$16,000	$250
New York	All ages	$18,000	$375 (aged 65 and over) $75 (under age 65)
North Dakota	Aged 65-plus or disabled	$13,500	$240
Oregon*	Aged 58-plus	$10,000	$2,100
Pennsylvania	Aged 65-plus disabled, or surviving spouses aged 50-plus	$15,000	$500
Rhode Island	Aged 65-plus or SSDI recipients	$12,500	$200
South Dakota	Aged 65-plus or disabled	$9,000 (single) $12,000 (2 or more)	*
Utah	Aged 65-plus	$19,425	$400
Vermont	All ages	$47,000	$1,500
West Virginia	Aged 65-plus	$5,000	$125
Wisconsin	All ages	$19,154	$1,160

SSDI= Social Security Disability Income

**Notes:*

Illinois - Amount exceeding 3.5 percent of income, but not to exceed $700 less 4.5 percent of such income. Additional local option benefits available.
Maine - Renters aged 62 and over will receive the maximum tax credit available from the program offered to all ages or only to ages 62 and over. The application is the same for both programs.
Nevada - 90 percent of tax owed up to $500.
Oregon - Recipients ages 58 to 64 cannot own household assets that exceed $25,000 to qualify for the program.
South Dakota - 35 percent of taxes due (single) and 55 percent of taxes due (joint).

Alaska - features a local option program for older renters. Benefits and income guidelines vary depending on the local millage rate. It does not depend on household income; therefore, it is not a circuitbreaker program.

Source: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices.

Appendix B

Table B-1
Homestead Exemption and Credit Programs
Without Income Eligibility Guidelines: 1996

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Alabama	All ages Aged 65-plus	$4,000 AV (state taxes) and $2,000 AV (county taxes)* Full exemption (state taxes)
Alaska	Aged 65-plus, disabled veterans or surviving spouses aged 60-plus All ages	$150,000 AV $10,000 AV, L
Arizona	All ages	*
California	All ages	$7,000 AV
Connecticut	Aged 65-plus or disabled	*
District of Columbia	All ages	$30,000 AV
Florida	All ages	$25,000 AV
Georgia	All ages	$2,000 AV
Hawaii	All ages Aged 55-plus	$40,000 AV *
Idaho	All ages	*
Illinois	All ages Aged 65-plus	$3,500 or $4,500 (Cook County) AV $5,500 or $7,000 (Cook County) AV
Indiana	All ages	*
Iowa	All ages	$4,850 AV
Kentucky	Aged 65-plus or disabled	$23,100 AV
Louisiana	All ages	$7,500 AV*
Maryland	All ages	*
Minnesota	All ages	*
Mississippi	Under age 65 Aged 65-plus or disabled	$240 tax credit $6,000 AV*
New Mexico	All ages	$2,000 AV

Ohio	All ages	12.5% of property taxes
Oklahoma	All ages	$1,000 AV
South Carolina	All ages Aged 65-plus or disabled	$100,000 AV* $20,000 fair market value
Texas	All ages Aged 65-plus	$5,000 AV (school taxes) $3,000 AV (other local taxes) $15,000 AV (school taxes) $3,000 AV(other local taxes)*
West Virginia	Aged 65-plus or disabled	$20,000 AV

AV=Assessed value
L = Local option program

**Notes:*

Alabama - optional $2,000 exemption for other local taxing units.
Arizona - 35 percent of school taxes for operating and maintenance costs with a $500 cap on tax reduction.
Connecticut - Up to 10 percent of the total property taxes in the preceding year. It is a local option program.
Hawaii - Exemptions increase with age ranging from $60,000 assessed value (ages 55 to 59) to $120,000 assessed value (aged 70 and over).
Idaho - $50,000 assessed value or 50 percent of assessed value, whichever is less, for residential improvements.
Indiana - Eight percent of tax plus a homestead deduction of $2,000 assessed value or one-half of the total assessed value (whichever is less).
Louisiana - Does not apply to municipal taxes except in Orleans Parish.
Maryland - State benefit equals the excess over the annual 10 percent increase in assessed value; local benefit is set by local government.
Minnesota - 60 percent of the tax on first $72,000 of assessed/market value.
Mississippi - Do not pay tax on the first $6,000 AV.
South Carolina - Applies to school operating taxes only.
Texas - Additional local option of up to 20 percent of assessed value.

Source: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices.

Table B-2
Homestead Exemption and Credit Programs:
With Income/Asset Eligibility Guidelines: 1996

State	**Eligible Homeowners**	**Maximum Homestead Exemption or Credit**	**Income Caps**
Alabama	Aged 65-plus	$5,000 AV (local taxes) Full exemption (state & local taxes)	$12,000 AGI $7,500 AGI
Delaware	Aged 65-plus	$5,000 AV, L*	$3,000

District of Columbia	Aged 65-plus	Up to 50% of taxes	$100,000
Georgia	Aged 62-plus Aged 65-plus	$10,000 AV* $4,000 AV*	$10,000 $10,000
Indiana*	Aged 65-plus, blind, disabled, or certain veterans	$1,000 AV $2,000 AV $4,000 AV	$20,000 $13,000 No income cap
Massachusetts	Aged 70 and over	*	*
New Hampshire	Aged 68-plus or blind	$5,000 AV $15,000 AV	*
New Jersey	Aged 65-plus or disabled Under age 65	$250 $90 (homeowners) $30 (renters)	$10,000 $40,000
New York	Aged 65-plus	Up to the first 50% AV, L	$18,500
North Carolina	Aged 65-plus or disabled	Up to the first 15,000 AV	$11,000
Oklahoma	All ages	$2,000 AV	$10,000
Tennessee	Aged 65-plus or disabled	*	$10,550
Virginia	Aged 65-plus or disabled	All property taxes, L	*

AV=Assessed value
L = Local option program
AGI = adjusted gross income
**Notes:*
Delaware - Exemption is for non-school property taxes.
Georgia - $10,000 assessed value applied to school property taxes if recipient's income is $10,000 or less (including Social Security benefits); $4,000 assessed value for all property taxes if recipient's income is $10,000 or less (excluding Social Security benefits).
Indiana - Recipients cannot own more than $21,000 in assessed value of all real properties.
Massachusetts -$4,000 assessed value or $500 (whichever is greater) for recipients whose incomes (not including SSI income) are below $13,000 (single) or $15,000 (married couple) and whose estate (not including the primary residence) does not exceed $28,000 (single) or $30,000 (married couple); $2,000 assessed value exemption or $175 (whichever is greater) for recipients whose estate (excluding real property) does not exceed $40,000.
New Hampshire - Homeowners aged 68-plus must have an AGI less than $5,000 (single) or $6,000 (joint) and assets must be less than $35,000. Additional local option exemptions up to $20,000 are available for some homeowners aged 65-plus.
Tennessee - Tax credit is based on the first $15,000 market value or on a maximum assessed value of $3,750; actual credit depends on tax rates and other related factors.
Virginia - Local option to exempt all property taxes for taxpayers with incomes at or below $30,000 and whose net worth is below $75,000 (excluding dwelling); some cities and adjacent counties exempt taxes for persons with incomes below $40,000 and whose net worth is below $150,000 (excluding dwelling).

Source: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices.

Appendix C

Table C-1
Property Tax Deferral Programs

State	Eligible Homeowners	Deferral Amount	Income Caps
California	Aged 62 and over, blind, or disabled	All property taxes	$24,000
Colorado*	Aged 65 and over	All property taxes	None
District of Columbia	All ages	Taxes above 110% of prior tax liability	None
Florida*	All ages Aged 65 and over	Taxes exceeding 5% of income Taxes exceeding 3% of income	None None
Georgia	Aged 62 and over	Taxes on the first $50,000 AV	$15,000
Illinois*	Aged 65 and over	All taxes up to 80% of the equity value	$25,000
Iowa	SSI recipients Aged 65 and over	All property taxes *	None None
Maine*	Aged 65 and over	All property taxes	$32,000
Maryland*	Aged 65 and over or disabled	All property taxes, L	*
Massachusetts*	Aged 65 and over	Up to 50% of AV	$40,000
Michigan*	Aged 65 and over or disabled	Special assessments over $300	$15,400
Minnesota	Aged 65 and over or disabled	Special assessments, L	None
New Hampshire	Aged 65 and over	Up to 85% of the tax, L	None
North Dakota*	Aged 65 and over or disabled	All special assessments	$13,500
Oregon*	Aged 62 and over	All property taxes Special assessments	$24,500 $17,500
South Dakota*	Aged 70 and over	All property taxes	None

Tennessee*	All ages	Taxes can be deferred up to $60,000 of the property's market value, L	$12,000
Texas	Aged 65 and over	All property taxes	None
Utah	Aged 65 and over	50% of tax, up to $300, L	None
Virginia	Aged 65 and over or disabled	Taxes that exceed 105% (or more) of prior year's tax, L	$30,000
Washington	Aged 60 and over	Taxes on 80% of the equity value	$34,000
Wisconsin	Aged 65 and over or disabled	Up to $2,500 of taxes	$20,000
Wyoming	Aged 62 and over	50% of taxes, L	150% of the poverty level

L = Local option program
AV = Assessed value
AGI = adjusted gross income
SSI = Supplemental Security Income

**Notes:*

Colorado - Additional local option program if tax is 130 percent or greater than prior year's tax owed. Additional local option program to work to pay off tax liability.
Florida - Homeowners can receive a full tax deferral if income is below $10,000 (all ages) or $12,000 (age 70 and over).
Illinois - Recipients must have lived in their homes for at least three years.
Iowa - Local option tax relief is available for homeowners age 65 and over.
Maine - Only homeowners that first applied to the deferral program in 1990 qualify.
Maryland - A local option program available to homeowners age 65 and over who are disabled and have lived in their home at least five years and have met local income guidelines.
Massachusetts - Recipients must have lived in their homes for at least five years and resided in Massachusetts for at least 10 years.
Michigan - Recipients must have lived in their homes for at least five years.
North Dakota - Assets may not exceed $50,000 excluding the first $80,000 of the homestead's market value.
Oregon - After entering the deferral program for all property taxes, recipients must have federal AGI of $29,000 or less to continue qualifying for the program. Once recipients enter the deferral of special assessments program, they can continue qualifying for the program with any income.
South Dakota - Homeowners must have owned their home for at least three years and have lived in the state for at least five years.
Tennessee - For homesteads under $50,000 in market value, homeowners can defer all taxes above 1979 levels.

Source: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices.

Appendix D

Table D-1
Household Income Breakdown

Household Income	Percentage of Households
Less than $10,000	20.6%
$10,000 to $19,999	32.3
$20,000 to $29,999	18.7
$30,000 and over	28.4

Table D-2
Respondents by Regional Area

Region	Percentage of Households
Northeast	11.5%
North Central	25.9
South	50.5
West	12.1

Table D-3
Respondents by Marital Status

Marital Status	Percentage of Households
Married	58.3%
Widowed	31.9
Separated or Divorced	5.0
Not Married	4.8

Appendix E

Table E-1
Awareness Rates and Corresponding Sampling Errors of Property Tax Relief Programs (in percents)

Program Type	Awareness rate of eligible respondents (%)	Sampling error rate of eligible respondents (%)	95% Confidence Interval (%)
All programs*	66.0	Plus or minus 3.4	62.6 to 69.4
Homestead Exemption	66.1	Plus or minus 4.2	61.9 to 70.3
Property Tax Credit	30.5	Plus or minus 5.0	25.5 to 35.5
Property Tax Deferral	20.3	Plus or minus 4.3	16.0 to 24.6

*Refers only to the homestead exemption, property tax credit, or property tax deferral programs. It does not refer to other property tax relief programs, such as freezing assessed values. The rates reflect whether a respondent is aware of at least one of the programs that he/she is eligible for.

Note: Sampling error rates are based on a 95 percent confidence interval. This means that there is less than a five percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

Table E-2
Application Rates and Corresponding Sampling Errors of Property Tax Relief Programs (in percents)

Program Type	Application rate of eligible respondents (%)	Sampling error rate of eligible respondents (%)	95% Confidence Interval (%)
All programs*	15.5	Plus or minus 2.6	12.9 to 18.1
Homestead Exemption	17.2	Plus or minus 3.4	13.8 to 20.6
Property Tax Credit	2.5	Plus or minus 1.7	0.8 to 4.2
Property Tax Deferral	0.3	Plus or minus 0.6	0.0 to 0.9

*Refers only to the homestead exemption, property tax credit, or property tax deferral programs. It does not refer to other property tax relief programs, such as freezing assessed values. The rates reflect whether a respondent applied to at least one of the programs that he/she is eligible for.

Note: Sampling error rates are based on a 95 percent confidence interval. This means that there is less than a five percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

Table E-3
Application Rates (of Respondents Aware of Program)
and Corresponding Sampling Errors
of Property Tax Relief Programs
(in percents)

Program Type	Application rate of respondents aware of the program* (%)	Sampling error rate of eligible respondents (%)	95% Confidence Interval (%)
All programs**	23.7	Plus or minus 3.0	20.7 to 26.7
Homestead Exemption	26.1	Plus or minus 3.9	22.2 to 30.0
Property Tax Credit***	8.1	Plus or minus 3.0	5.1 to 11.1
Property Tax Deferral	1.4	Plus or minus 1.2	0.2 to 2.6

*The application rate refers to the proportion of respondents who were aware of a program and actually applied to it. Respondents who were unaware of these programs were excluded.
**Refers only to the homestead exemption, property tax credit, or property tax deferral programs. It does not refer to other property tax relief programs, such as freezing assessed values. The rates reflect whether a respondent applied to at least one of the programs that he/she is eligible for.
***Property tax credit programs refer to circuitbreaker programs and homestead credit programs that offer tax credits for property taxes paid.

Note: Sampling error rates are based on a 95 percent confidence interval. This means that there is less than a five percent chance that this relationship would be observed in the sample if it did not exist in the population of eligible households.

Appendix F

Table F-1
Participating Rates of Homestead Exemption Programs (1995)

State	Eligibility Criteria	Number of participants aged 65-plus	Number of eligible households aged 65-plus	Participation Rate (%)
Alaska*	Aged 65-plus or disabled veterans or surviving spouses over age 60	12,374	11,739 to 15,800	78 to 100
Kentucky	Aged 65-plus or disabled	251,650	249,920 to 253,440	99 to 100
Mississippi	Aged 65-plus or disabled	241,701 to 272,570	173,382 to 182,262	100
Ohio	Aged 65-plus or disabled whose income is $20,800 or less	212,208 to 237,173	348,017 to 355,761	60 to 68
South Carolina*	Aged 65-plus or disabled	197,742 to 222,460	228,310 to 235,535	84 to 97
Texas	Aged 65-plus or disabled	900,100 to 1,006,007	947,353 to 967,974	93 to 100

*South Carolina and Alaska's calculations are for 1996.

Assumptions:
1: Mississippi, Ohio, South Carolina's, and Texas' administering agencies could not provide the exact number of homestead exemption participants aged 65 and over; instead they provided the total number of participants (homeowners aged 65 and over and disabled homeowners). For these states, the author calculated the ratio of Social Security beneficiaries aged 65-and over to total disabled workers for each state. For example, in South Carolina, the ratio of Social Security beneficiaries aged 65 and over to disabled workers is 85 percent/15 percent. The author then applied the same ratio to the total number of homeowners receiving homestead exemptions for that particular state. In South Carolina's case, the author assumed that 85 percent of homestead exemption recipients were aged 65 and over and 15 percent were disabled recipients. However, to reduce potential error in the 85 percent estimate, the author assumed that the true estimate of homestead exemption recipients aged 65 and over was 85 percent plus or minus five percentage points, resulting in an estimate of 80 to 90 percent of all homestead exemption recipients being aged 65 and over.
2: Three homeowner rates were used to estimate the percentage of owner-occupied households from all households: 78.1 percent (the 1995 nationwide homeownership rate for all households aged 65 and over), 79 percent (the 1996 nationwide homeownership rate for all households aged 65 and over), and the homeownership rate for households aged 65 and over for a particular state from the 1990 decennial census. This information was used to estimate the number of eligible households.

3: Information on the number of households by income class for Ohio was taken from the Current Population Survey to derive the number of potential households (see sources below).

Sources: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices; U.S. Bureau of the Census, Current Population Survey/*Housing Vacancy Survey, First Quarter 1997*, (Washington, DC: U.S. Government Printing Office, 1997); Current Population Survey, March 1996, (machine-readable data file), conducted by the Bureau of the Census for the Bureau of Labor Statistics-Washington: Bureau of the Census (producer and distributor) 1996; U.S. Bureau of the Census, Population Division, *Estimates of Housing Units and Households of States*, July 1, 1995, PPL73, (Washington, DC: U.S. Government Printing Office, July 7, 1996); the U.S. Bureau of the Census, *1990 Census of Housing, Detailed Housing Characteristics*, 1990 CH-2-1, December 1993, pp. 338-388 (also from Summary Tape File 1 -- STF1); and Social Security Administration, Office of Research, Evaluation, and Statistics, *Social Security Bulletin, Annual Statistical Supplement, 1996* , (Washington, DC: U.S. Government Printing Office, September 1996, p. 256).

Table F-2
Participation Rates of Property Tax Credit Programs (1995)

State	Eligibility Criteria	Number of participants aged 65 plus	Number of eligible households aged 65 plus	Participation Rate (%)
Connecticut*	Homeowners & renters aged 65-plus whose income is less than $21,800 (single) or $26,800 (joint)	72,534	172,946	42
District of Columbia*	Homeowners aged 65-plus whose income is $100,000 or less	27,401	26,329 to 38,235	72 to 100
Idaho	Homeowners aged 65-plus, veterans, disabled, blind, or surviving spouses whose income is $17,430 or less	21,103	26,156 to 27,864	76 to 81
Iowa	Homeowners & renters aged 65-plus or disabled whose income is $14,000 or less	16,357 to 18,242	96,448	17 to 19
Kansas**	Homeowners & renters aged 55-plus whose income is less than $17,200	27,509	153,680	18
Michigan***	Homeowners & renters whose income is $82,700 or less	400,900	714,455	56 to 57

Minnesota	Homeowners & renters whose income is $61,900 (homeowners) or less or $36,100 or less (renters)	145,597	326,446	45
Missouri	Homeowners and renters aged 65-plus or disabled whose income is $15,000 or less (single) or $17,000 or less (joint)	52,864 to 66,305	194,921	27 to 34
Montana	Homeowners & renters aged 62-plus	18,340	73,000	25
Nevada	Homeowners & renters aged 62-plus whose income is $19,000 or less	10,954	54,500	20
New Mexico	Homeowners & renters aged 65-plus whose income is $16,000 or less	24,318	49,324	49
Pennsylvania	Homeowners & renters aged 65-plus or disabled or surviving spouses aged 50 or over whose income is $15,000 or less	245,630	468,270	52
Rhode Island	Homeowners & renters aged 65-plus or disabled whose income is $12,500 or less	3,792 to 4,241	28,896	13 to 15
South Dakota	Homeowners & renters aged 65-plus or disabled whose income is $9,000 or less (single) or $12,000 or less (joint)	4,650	13,494	34
Vermont	Homeowners & renters whose income is $47,000 or less	18,786	37,620	50
Wisconsin	Homeowners & renters whose income is $19,154 or less	107,034	215,787	50

*The District of Columbia and Connecticut's calculations are based on 1996.
**Kansas figures reflect homeowners and renters aged 55 plus.
*** Michigan's calculations are based on 1994.
NOTE: The District of Columbia, Kansas, Michigan, Minnesota, Montana, Rhode Island, and Vermont have programs comparing an income threshold, such as 3.5 percent of household income, to the amount of property taxes

paid. In addition to eligibility criteria, such as age and income, household property taxes must exceed the appropriate income thresholds in order to be eligible to participate in these programs. For lack of any alternatives, the above analysis assumes that the property taxes paid always exceeds the income thresholds.

Other Assumptions:

1: Iowa and Rhode Island's administering agencies could not provide the exact number of property tax credit participants aged 65 and over; instead they provided the total number of participants (aged 65 and over and disabled). To estimate the number of participants aged 65 and over, the author applied the same ratio of Social Security beneficiaries aged 65 and over to total disabled workers to the total number of homeowners receiving homestead exemptions. For example, the ratio of Social Security beneficiaries aged 65 and over to disabled workers is 90 percent/10 percent in Rhode Island. Therefore, the author assumed that 90 percent of all property tax credit recipients were aged 65 and over. However, to reduce potential error in the 90 percent estimate, the author assumed that the true estimate of property tax credit recipients aged 65 and over was 90 percent plus or minus five percentage points, resulting in an estimate of 85 to 95 percent of all recipients being aged 65 and over.
2: Montana, Nevada, Vermont, and Wisconsin's administering agencies could not provide the exact number of property tax credit participants aged 65 and over. To estimate the number of participants aged 65 and over, the author applied the same ratio of persons aged 65 and over to persons aged 62 to 64 (Montana, Nevada, and Vermont) and to persons aged 66 and over (Wisconsin) as estimated by the U.S. Census Bureau for those states. For example, in Montana the ratio of persons aged 65 and over to persons aged 62 to 64 was 84 percent/16 percent. Therefore, the author assumed that 84 percent of property tax credit recipients was aged 65 and over.
3: Information on the number of households by income class was taken from the Current Population Survey to derive the number of potential households (see sources below).
4: Three homeowner rates were used to estimate the percentage of owner-occupied households for programs open only to homeowners. 78.1 percent (the 1995 nationwide homeownership rate for all households aged 65 plus), 79.0 percent (the 1996 nationwide homeownership rate for all households aged 65 plus), and the homeownership rate for households aged 65 plus for a particular state from the 1990 decennial census. This information was used to estimate the number of eligible households aged 65-plus.

Sources: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices; Current Population Survey, March 1996 & March 1997, (machine-readable data file), conducted by the Bureau of the Census for the Bureau of Labor Statistics-Washington: Bureau of the Census (producer and distributor) 1996 & 1997; U.S. Bureau of the Census, Population Division, *Estimates of Housing Units and Households of States*, July 1, 1995, PPL73, (Washington, DC, July 7, 1996); and the U.S. Bureau of the Census, *1990 Census of Housing, Detailed Housing Characteristics*, 1990 CH-2-1, December 1993, pp. 338-388 (also from Summary Tape File 1 -- STF1), Social Security Administration, Office of Research, Evaluation, and Statistics, *Social Security Bulletin, Annual Statistical Supplement, 1996*, (Washington, DC: U.S. Government Printing Office, September 1996, p. 256); and the U.S. Bureau of the Census, Population Division, Population Estimates Program, (Internet site: http://www.census.gov/population/estimates/states/ST9096T1.txt).

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Table F-3
Participation Rates of Property Tax Deferral Programs (1996)

State	Eligibility Criteria	Number of participants aged 65-plus	Number of eligible households aged 65-plus	Participation Rate (%)
California	Homeowners aged 62-plus or disabled whose income is $24,000 or less	9,279 to 10,373	839,778 to 915,068	1.0 to 1.2
Colorado*	Homeowners aged 65-plus	356	180,206 to 186,659	0.2
Oregon	Homeowners aged 62-plus whose income is $24,000 or less	10,229	126,699 to 128,324	8.0 to 8.1
Washington	Homeowners aged 60-plus whose income is $34,000 or less	1,079	218,604 to 225,159	0.5
Wisconsin	Homeowners aged 65-plus or disabled whose income is $20,000 or less	356	144,495 to 154,259	0.2 to 0.3

*Colorado's calculations are based on 1995.

Assumptions:

1: California's administering agency could not provide the exact number of property tax deferral participants aged 65 and over; instead they provided the total number of homeowner participants (aged 65 and over and disabled). To estimate the number of participants aged 65 and over, the author applied the same ratio of Social Security beneficiaries aged 65 and over to total disabled workers to the total number of homeowners receiving homestead exemptions. The ratio of Social Security beneficiaries aged 65 and over to disabled workers is 90 percent /10 percent. Therefore, the author assumed that 90 percent of all property tax credit recipients were aged 65 and over. However, to reduce potential error in the 90 percent estimate, the author assumed that the true estimate of property tax credit recipients aged 65 and over was 90 percent plus or minus five percentage points, resulting in an estimate of 85 to 95 percent of all recipients being aged 65 and over.
2: California, Oregon, and Washington's administering agencies could not provide the exact number of property tax deferral participants aged 65 and over. To estimate the number of participants aged 65 and over, the author applied the same ratio of persons aged 65 and over to persons aged 62 to 64 (California and Oregon) or to persons aged 60 and over (Washington) as estimated by the U.S. Census Bureau for those states. For example, in California, the ratio of persons aged 65 and over to persons aged 62 to 64 was 85 percent /15 percent. Therefore, the author assumed that 85 percent of deferral recipients was aged 65 and over.
3: Information on the number of households by income class was taken from the Current Population Survey to derive the number of potential households (see sources below).
4: Three homeowner rates were used to estimate the percentage of owner-occupied households from all

households: 78.1 percent (the 1995 nationwide homeownership rate for all households aged 65-plus), 79.0 percent (the 1996 nationwide homeownership rate for all households aged 65-plus), and the homeownership rate for households aged 65-plus for a particular state from the 1990 decennial census. This information was used to estimate the number of eligible households.

Sources: Telephone survey of state departments of revenue, state controllers offices, and state treasury offices; Current Population Survey, March 1996 & March 1997, (machine-readable data file), conducted by the Bureau of the Census for the Bureau of Labor Statistics-Washington: Bureau of the Census (producer and distributor) 1996 & 1997; U.S. Bureau of the Census, Current Population Survey/*Housing Vacancy Survey, First Quarter 1997*, (Washington, DC: U.S. Government Printing Office, 1997); and U.S. Bureau of the Census, Population Division, *Estimates of Housing Units and Households of States*, July 1, 1995, PPL73, (Washington, DC: U.S. Government Printing Office, July 7, 1996); Social Security Administration, Office of Research, Evaluation, and Statistics, *Social Security Bulletin*, *Annual Statistical Supplement*, *1996* , (Washington, DC: U.S. Government Printing Office, September 1996, p. 256); and U.S. Bureau of the Census, Population Division, Population Estimates Program, (Internet site: http://www.census.gov/population/estimates/states/ST9096T1.txt).

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