



OLR RESEARCH REPORT

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HISTORY OF THE PROPERTY TAX CREDIT AGAINST THE INCOME TAX

By: Judith Lohman, Assistant Director

This report summarizes the history of the property tax credit against Connecticut's personal income tax. It updates our 2002 report on this topic ([2002-R-0690](#)).

CONNECTICUT'S PROPERTY TAX CREDIT

Connecticut residents can qualify for a credit for property tax paid during the tax year to a Connecticut political subdivision on a primary residence, privately owned or leased motor vehicle, or both. The credit amount depends on the amount of property tax due and paid and the taxpayer's Connecticut adjusted gross income (CT AGI). The percent of property tax paid that can be taken as a credit declines as CT AGI increases, until it completely phases out. Beginning with the 2011 tax year, the maximum credit amount, regardless of filing status, is \$300. The credit may not reduce a taxpayer's liability to less than zero (CGS § [12-704c](#)).

Table 1 shows for each filing status the (1) maximum income eligibility for receiving the maximum property tax credit and (2) income level above which no credit is available.

Table 1: Property Tax Credit Phase-Out

<i>Category of Filer</i>	<i>Eligible for Maximum Credit (CT AGI Under)</i>	<i>Ineligible for Credit (CT AGI Over)</i>
Single	\$ 56,500	\$116,500
Married Filing Separately	\$ 50,250	\$ 80,250
Head of Household	\$ 78,500	\$ 138,500
Married Filing Jointly	\$ 100,500	\$ 160,500

LEGISLATIVE HISTORY OF THE CREDIT

The Connecticut income tax was enacted in 1991 and took effect for tax years starting on or after January 1, 1991. The first property tax credit was enacted in 1994 and scheduled to be phased in over the five tax years from 1997 to 2001. It was originally designed to offset only property taxes on privately owned motor vehicles.

Before the original credit could take effect, the legislature changed it in 1995 to a credit of up to \$100 for property taxes paid on a primary residence or motor vehicle. The credit was redesigned again in 1997 and assumed its current form. Since then, the legislature has raised or lowered the maximum credit seven times. The maximum credit has neither exceeded \$500 nor fallen below \$285.

Table 2 summarizes each legislative change in the property tax credit since its inception.

Table 2: Legislative Changes in the Property Tax Credit 1994-2011

<i>Year Enacted</i>	<i>Description</i>
1994 (PA 94-4, May Special Session)	<ul style="list-style-type: none"> • Establishes a credit for property taxes paid on privately owned motor vehicle. Credit phase-in starts 1/1/97. • Credit starts at 20% of property taxes paid in the 1997 tax year and increases in increments of 20% annually reaching 100% of motor vehicle property taxes paid starting with 2001 tax year • Credit Limits: <ul style="list-style-type: none"> ○ Vehicle with net assessment of \$15,000 or less, 100% of property taxes paid ○ Vehicle assessment over \$15,000 up to \$25,000, 100% of all taxes paid on first \$15,000 and 50% of taxes paid on amount over \$15,000 ○ No credit allowed on any part of a vehicle's value over \$25,000

Table 2 (continued)

Year Enacted	Description
1995 (PA 95-160)	<ul style="list-style-type: none"> Establishes a credit of up to \$100 for property taxes paid on a primary Connecticut residence or motor vehicle Applicable to property taxes paid starting with the 10/1/95 assessment year and to income tax returns for tax years starting on or after 1/1/96
1997 (PA 97-309 as amended by PA 97-322)	<ul style="list-style-type: none"> Increases maximum property tax credit from \$100 to \$215 starting 1/1/97 and to \$285 starting 1/1/98 Phases out the credit above \$100 by 10% for every \$10,000 in income above state thresholds Extends the credit to vehicles leased for more than one year
1998 (PA 98-110)	<ul style="list-style-type: none"> Increases the maximum property tax credit scheduled to take effect 1/1/98 from \$285 to \$350
1999 (PA 99-173)	<ul style="list-style-type: none"> Increases the maximum property tax credit: <ul style="list-style-type: none"> From \$350 to \$425 starting 1/1/99 and To \$500 on and after 1/1/00
2003 (PA 03-1, June Special Session)	<ul style="list-style-type: none"> Reduces the maximum property tax credit from \$500 to \$350 starting 1/1/03 Eliminates the \$100 minimum property tax credit
2004 (PA 04-216)	<ul style="list-style-type: none"> Increases the maximum property tax credit from \$350 to \$500 starting on or after January 1, 2005 (but this increase did not take effect - see below)
2005 (PA 05-251)	<ul style="list-style-type: none"> Reduces maximum property tax credit from \$500 to \$350 for tax year starting 1/1/05 Increases maximum credit to \$400 starting 1/1/06 (later raised to \$500 – see below)
2006 (PA 06-156)	<ul style="list-style-type: none"> Increases the maximum property tax credit from \$400 to \$500 starting 1/1/06
2011 (PA 11-6)	<ul style="list-style-type: none"> Reduces the maximum property tax credit from \$500 to \$300 starting 1/1/11 Phases out the maximum credit by 15%, rather than 10%, for every \$10,000 in additional CT AGI (every \$5,000 for married people filing separately) over the stated threshold (see Table 1 above)

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