



# OLR RESEARCH REPORT

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## STATE HOMESTEAD EXEMPTION AND CREDIT PROGRAMS

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You asked for a survey of homestead programs in other states.

### SUMMARY

Homestead programs are widely used as a form of property tax relief for owner-occupied residential property. Thirty-eight states and the District of Columbia make homestead exemptions or credits broadly available to homeowners. Although they work in slightly different ways, both types of homestead programs reduce property taxes.

Homestead exemption programs reduce property taxes by exempting a certain amount of a home's value from taxation. The value of the tax reduction depends on the exemption amount and the assessment level, or the portion of a property's value that is subject to the local government's tax rate. Homestead credit programs, on the other hand, provide tax credits directly to taxpayers. Qualifying homeowners receive a discount on their tax bills or a rebate equal to a certain percentage of taxes due or a fixed amount. States sometimes reimburse local governments for some or all of the revenue loss from homestead programs. Otherwise, the local government either absorbs the revenue loss or shifts the tax burden to other property.

Attachment 1 lists the 39 jurisdictions that offer homestead exemptions or credits and briefly describes each program’s eligibility criteria, benefit level, and income limits. For the purposes of this report, we focus on programs that are broadly available to homeowners and exclude those that are restricted to certain individuals only (e.g., veterans or surviving spouses of veterans killed in the line of duty).

## **TYPES OF HOMESTEAD PROGRAMS**

As Attachment 1 shows, 23 jurisdictions have homestead exemptions, 8 have homestead credits, and 8 have both. Table 1 lists the jurisdictions that offer each type of benefit.

**Table 1: Summary of Homestead Programs by Type**

<i>Homestead Exemption</i>		<i>Homestead Credit</i>		<i>Both</i>	
Alabama	Nebraska	Arizona		DC	
Alaska	New Hampshire	Arkansas		Georgia	
California	New Mexico	Iowa		Illinois	
Colorado	New York	Maryland		Kansas	
Delaware	North Carolina	Minnesota		Massachusetts	
Florida	Oklahoma	New Jersey		Mississippi	
Hawaii	Pennsylvania	Tennessee		Ohio	
Idaho	South Carolina	Wyoming		West Virginia	
Indiana	Texas				
Kentucky	Utah				
Louisiana	Wisconsin				
Maine					

## **TARGETED PROGRAMS**

### ***Age Restrictions***

Homestead programs are, by definition, restricted to a property owner’s primary residence. But in many cases, states target their programs to seniors or provide them with more generous benefits. (Some states extend these same targeted benefits to individuals with disabilities as well.) Table 2 lists the states that target their homestead programs to seniors, provide the same benefits to all homeowners, or offer different programs for different classes of homeowners.

**Table 2: Summary of Homestead Programs by Age Restrictions**

<i>Seniors Only*</i>	<i>All Ages</i>	<i>Program Varies by Recipient*</i>
Alaska	Arizona	Alabama
Colorado	Arkansas	District of Columbia
Delaware	California	Florida
Kentucky	Idaho	Georgia
Nebraska	Iowa	Hawaii
New Hampshire	Louisiana	Illinois
New Jersey	Maine	Indiana
North Carolina	Maryland	Kansas
Tennessee	Minnesota	Massachusetts
West Virginia	New Mexico	Mississippi
	Oklahoma	New York
	Pennsylvania	Ohio
	Utah	South Carolina
	Wisconsin	Texas
	Wyoming	

\* Many of these states extend the same homestead benefits to individuals with disabilities as well.

As Table 2 shows, 10 jurisdictions target their homestead programs to seniors, while 15 offer the same benefits to homeowners regardless of age. For example, Colorado provides individuals who are age 65 or older and have lived in their homes for at least 10 consecutive years with a homestead exemption equal to 50% of the property’s market value, up to \$200,000. Idaho, on the other hand, provides a homestead exemption to all homeowners equal to 50% of the property’s assessed value, up to \$81,000 for 2013.

The remaining 14 jurisdictions have different programs for different types of homeowners, but offer more generous benefits to seniors or homeowners with disabilities. The District of Columbia, for example, provides a homestead exemption for all homeowners equal to \$67,500 of the property’s assessed value. It also provides eligible seniors age 65 or older with a credit of 50% of their property taxes due.

***Income Limits***

Seventeen jurisdictions require that homeowners meet income eligibility requirements in order to qualify for a homestead exemption or a more generous benefit. For example, Indiana offers seniors age 65 or older with income of \$25,000 or less a 50% exemption in their home’s assessed value, up to \$12,480. Georgia offers all seniors age 65 or older

with a 100% exemption from state property taxes, regardless of income, but it offers an additional exemption from county and school taxes for seniors with income of \$10,000 or less.

**Attachment 1: Homestead Exemption and Credit Programs**

(AV = assessed value; MV = market value)

<i>Jurisdiction</i>	<i>Type of Benefit</i>	<i>Eligible Homeowners</i>	<i>Benefit</i>	<i>Income Limit</i>
<b>Alabama</b>	Exemption	Age 65 or under	\$4,000 of AV (state property taxes) \$2,000 of AV (county and school district taxes); municipalities may exempt an additional \$2,000	None
		Age 65 or older or retired due to permanent disability or blindness	100% exemption (state property taxes)	None
			\$5,000 of AV (county and school district taxes) for those below income limit; \$2,000 of AV for those above the limit, with local option for an additional \$2,000 exemption	\$12,000
		100% exemption from county and city taxes for those below income limit (no income limit for individuals with permanent disabilities)	\$7,500	
<b>Alaska</b>	Exemption	Age 65 or older, veterans with disabilities, or eligible surviving spouses	\$150,000 of AV  Municipalities may provide an additional exemption	None
<b>Arizona</b>	Credit	All ages	40% of school district taxes, up to \$600	None
<b>Arkansas</b>	Credit	All ages	\$350 property tax credit	None
<b>California</b>	Exemption	All ages	\$7,000 of AV	None
<b>Colorado</b>	Exemption	Individual must be age 65 or older and have lived in the home for at least 10 years	50% of MV, up to \$200,000 (program suspended from 2009-2011; restored in 2012)	None
<b>District of Columbia</b>	Exemption	All ages	\$67,500 of AV, increased annually, beginning October 1, 2012	None
	Credit	Age 65 or older or individuals with disabilities	Credit of 50% of property taxes due	\$100,000
<b>Delaware</b>	Exemption	Individual must be age 65 or older and have lived in the state for at least 3 years	\$5,000 of AV for state property tax purposes	\$3,000 (\$6,000 if married)
		Age 65 or older	Portion of assessed value, set by local option; no state cap  Lesser of 50% of school taxes remaining after homestead exemption or \$500	None
<b>Florida</b>	Exemption	All ages	\$25,000 of AV in counties with tax rolls, including school district taxes, plus an additional \$25,000 of AV over \$50,000 for all levies, except school district taxes	None
		Age 65 or older	Additional \$50,000 exemption, by local option	\$26,603

**Table 1 (continued)**

<i>Jurisdiction</i>	<i>Type of Benefit</i>	<i>Eligible Homeowners</i>	<i>Benefit</i>	<i>Income Limit</i>
<b>Georgia</b>	Exemption	All ages	\$2,000 of AV (state, county, and school taxes); additional exemption available by local option	None
		Age 65 or older	100% exemption (state taxes)	None
		Age 65 or older	\$4,000 of AV (state and county taxes)	\$10,000, excluding pension income
		Age 62 or older	\$10,000 of AV (school taxes)	\$10,000
	Credit	All ages	Credit equal to \$8,000 times the mill rate for county, state, school, and city taxes	None
<b>Hawaii</b>	Exemption	Age 59 or under	\$12,000 of AV	None
		Age 60 to 69	\$24,000 of AV; counties may increase the exemption	None
		Age 70 or older	\$30,000 of AV; counties may increase the exemption	None
<b>Idaho</b>	Exemption	All ages	50% of AV, up to \$81,000 for 2013	None
<b>Illinois</b>	Exemption	All ages	Exemption equal to the increase in the current year's AV above its 1977 value, up to \$6,000	None
		Age 65 or older	Up to \$4,000 of AV	None
	Credit	All ages	5% of property taxes paid	None
		65 or older and must occupy the home for more than 6 months	Local option credit for city, village, or incorporated town taxes	None
<b>Indiana</b>	Exemption	All ages	60% of AV or \$45,000; Supplemental exemption of 35% of AV that is up to \$600,000 and 25% of AV over that threshold	None
		Individuals age 65 or older who have owned the house for at least one year	50% of AV, up to \$12,480	\$25,000
<b>Iowa</b>	Credit	All ages	Credit equal to the levy on \$4,850 of MV (\$62.50 minimum)	None
<b>Kansas</b>	Exemption	All ages	\$20,000 of AV (state portion of school taxes)	None
	Credit	Age 65 or older	75% of taxes paid	120% of the federal poverty level for 2 persons
<b>Kentucky</b>	Exemption	Age 65 or older or individuals with permanent disabilities	Exemption adjusted annually (\$36,000 of AV for 2013 and 2014)	None
<b>Louisiana</b>	Exemption	All ages	\$7,500 of AV (state, parish and special taxes)	None
<b>Maine</b>	Exemption	All ages	\$10,000 of AV	None
<b>Maryland</b>	Credit	All ages	Credit amount based on the tax due on the portion of property's assessment increase that exceeds cap (cap varies by county and municipality, up to 10%)	None

**Table 1 (continued)**

<i>Jurisdiction</i>	<i>Type of Benefit</i>	<i>Eligible Homeowners</i>	<i>Benefit</i>	<i>Income Limit</i>
<b>Massachusetts</b>	Exemption/ Credit	Age 70 or older or surviving spouses	Greater of \$2,000 AV or \$175 credit	\$20,000 wealth limit (total real and personal property) (municipalities may increase this wealth limit)
	Exemption/ Credit	Individuals age 70 or older, or surviving spouses, that have (1) lived in the state for at least 10 years and (2) owned property for at least 5 years	Greater of \$4,000 of AV or \$500 credit	Income limit of \$6,000 (\$7,000 if married) and wealth limit of less than \$17,000 (\$18,000 if married), excluding home
	Exemption	All ages	Local option exemption of between 5% and 20% of AV, with some exceptions	None
<b>Minnesota</b>	Credit	All ages	4.4% of the first \$76,000 of MV and 0.9% of MV in excess of that amount; phases out at MV of \$414,000	None
<b>Mississippi</b>	Exemption	Age 65 or older or individuals with total permanent disabilities	\$7,500 of AV	None
	Credit	Under 65	Credit ranges from \$6 to \$300, depending on AV	None
<b>Nebraska</b>	Exemption	Age 65 or older, qualified individuals with disabilities, or qualified veterans with disabilities or surviving spouses	Up to \$40,000 of AV or 100% of the county's average AV, whichever is greater, depending on income and the home's AV	Exemption varies by income level
<b>New Hampshire</b>	Exemption	Individuals age 65 or older that have lived in the state for at least 3 years	Local option exemption of at least \$5,000 of AV, subject to income and asset limits	Set by municipality; Income limit must be at least \$13,400 for individuals and \$20,400 for married couples; Asset limits must be at least \$35,000, excluding the home's value
<b>New Jersey</b>	Credit	Age 65 or older or individuals with permanent disabilities	\$250	\$10,000
		Individuals age 65 or older that have lived in (1) home for the past 3 years and continuously in (2) state for 10 years	Reimbursement for the portion of current year's property tax payment that exceeds the tax paid in the year in which the individual became eligible for the program (base year)	\$80,000 (2011) and \$70,000 (2012)
<b>New Mexico</b>	Exemption	All ages	\$2,000 of AV	None
<b>New York</b>	Exemption	Age 65 or older	Local option exemption of up to 50% AV, depending on income limits (local and school taxes)	Set by municipality, limit can range from \$3,000 to \$29,000 for 50% exemption; up to \$37,400 for exemption of less than 50%
		All ages	\$30,000 of AV (school taxes)	\$500,000
		Age 65 or older	\$60,000 of AV (school taxes)	\$81,900
<b>North Carolina</b>	Exemption	Age 65 or older or individuals with disabilities	Greater of \$25,000 or 50% of AV	\$28,100

**Table 1 (continued)**

<i>Jurisdiction</i>	<i>Type of Benefit</i>	<i>Eligible Homeowners</i>	<i>Benefit</i>	<i>Income Limit</i>
<b>Ohio</b>	Exemption	Age 65 or older, individuals with disabilities, or eligible surviving spouses	\$25,000 of MV	None
	Credit	All ages	2.5% credit	None
		All ages; applies to farmland and single family, 2-family, and 3-family dwellings that are not intended primarily for use in a business activity	10% credit	None
<b>Oklahoma</b>	Exemption	All ages	\$1,000 of AV; additional \$1,000 of AV subject to income limit	None for base exemption; \$20,000 for additional exemption
<b>Pennsylvania</b>	Exemption	All ages	Local option exemption may be up to one-half the median assessed value of homestead property in the political subdivision (for county, municipality, or school district taxes)	None
<b>South Carolina</b>	Exemption	Age 65 or older, individuals with disabilities or blindness, or surviving spouses	\$50,000 of AV (county, municipal, school, and special assessment property taxes)	None
	Exemption	All ages	\$100,000 of MV (taxes levied for school operating costs)	None
<b>Tennessee</b>	Credit	Age 65 or older or individuals with disabilities	\$25,000 of MV; local option may provide for additional credit, up to total taxes due	\$26,830
<b>Texas</b>	Exemption	All ages	\$3,000 of AV (county taxes), \$15,000 of AV (school taxes) Local option exemption of up to 20% of AV (\$5,000 minimum)	None
		Age 65 or older or individuals with disabilities	\$25,000 (school taxes) Local option additional exemption for county taxes	None
<b>Utah</b>	Exemption	All ages	45% of MV	None
<b>West Virginia</b>	Exemption	Age 65 or older or individuals with disabilities	\$20,000 of AV	None
	Credit	Age 65 or older	Credit equal to the taxes on \$20,000 of AV in excess of the exemption above	Adjusted gross income of 150% or less or federal poverty level
			Credit for property taxes attributable to the incremental increase in taxes above \$300 or 10%	\$250,000
<b>Wisconsin</b>	Exemption	All ages	Exemption for school taxes is calculated each year based on state lottery and gaming revenues (\$9,200 for 2012/13)	None
<b>Wyoming</b>	Credit	All ages, must have been a state resident for at least 5 years	Refund of up to one-half of the homeowner's prior year's property tax, up to one-half of the medial residential property tax liability for the county	Three-fourths of county or state median gross household income; total household assets cannot exceed

**Table 1 (continued)**

<i>Jurisdiction</i>	<i>Type of Benefit</i>	<i>Eligible Homeowners</i>	<i>Benefit</i>	<i>Income Limit</i>
				\$109,040 for 2012

Sources: [Significant Features of the Property Tax](#), Lincoln Institute of Land Policy and George Washington Institute of Public Policy (Residential Property Tax Relief Programs); individual state tax department websites; [A Guide to Property Taxes: Property Tax Relief](#), National Conference of State Legislatures

RP:ts