

**SB**

**193**

24-LS0918\F  
Cook  
3/6/06

**CS FOR SENATE BILL NO. 193( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FOURTH LEGISLATURE - SECOND SESSION**

*Adopted  
3/6/06*

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS BUNDE, Dyson, Ellis**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to a mandatory exemption for certain residences owned by a religious  
2 organization and to an optional deferral of municipal property taxes on certain primary  
3 residences."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. AS 29.45.030(b) is amended to read:

6 (b) In (a) of this section, "property used exclusively for religious purposes"  
7 includes the following property owned by a religious organization:

8 (1) the residence of an educator in a private religious or parochial  
9 school or a bishop, pastor, priest, rabbi, minister, or religious order of a recognized  
10 religious organization; for purposes of this paragraph, "minister" means an  
11 individual who is

12 (A) ordained, commissioned, or licensed as a minister  
13 according to standards of the religious organization for its ministers; and

14 (B) employed by the religious organization to carry out a

**ministry of that religious organization:**

(2) a structure, its furniture, and its fixtures used solely for public worship, charitable purposes, religious administrative offices, religious education, or a nonprofit hospital;

(3) lots required by local ordinance for parking near a structure defined in (2) of this subsection.

\* **Sec. 2.** AS 29.45 is amended by adding a new section to read:

**Sec. 29.45.052. Tax deferral for primary residences.** (a) A municipality may by ordinance provide for the deferral during a year of all or a portion of the taxes on property that is entirely owned by

(1) an individual

(A) who occupies the property as the individual's primary residence;

(B) is eligible for a permanent fund dividend under AS 43.23.005 for that same year or for the immediately preceding year; and

(C) whose income is less than three times the federal poverty guideline for the state set by the United States Department of Health and Human Services; or

(2) two or more individuals

(A) each of whom occupies the property as the individual's primary residence;

(B) each of whom is eligible for a permanent fund dividend under AS 43.23.005 for that same year or the immediately preceding year; and

(C) whose combined income is less than three times the federal poverty guideline for the state set by the United States Department of Health and Human Services.

(b) An individual owner, or all owners if there are two or more owners, must apply for each year that a deferral is sought and supply proof of eligibility for the deferral for that year in accordance with requirements set out in the ordinance that authorizes the deferral. Taxes for a year that are deferred do not become payable until ownership of the property is transferred from the individual or individuals who

1           obtained the deferral. A municipality that provides for a deferral of property taxes  
2           under this subsection may not impose interest on the taxes deferred between the time  
3           the deferral is granted and the time the taxes become payable.

4                   (c) A tax deferral under this section creates a lien in favor of the municipality  
5           on the property for which the deferral is granted. The municipality shall record the lien  
6           with the district recorder. The municipality may charge the cost of recording the lien  
7           to the individual or individuals who applied for the deferral.

## ADDITIONAL CONSIDERATIONS:

In addition to the Alaska statute and the regulations/process developed by the assessors, there was an Alaska Supreme Court case ruling in October of 1985 (City of Nome vs Catholic Bishop of Northern Alaska) that provides some direction as to how assessors should interpret and apply the statute.

193

## TAX EXEMPT LANGUAGE CLARIFICATION PROPOSAL

### Requested Statute Change to AS 29.45.030(b):

PROPOSED TAX EXEMPT CHANGE (indicated in **bold** and underlined)(b)(1)  
property used exclusively for nonprofit religious institutions and used as a residence for a bishop, pastor, priest, rabbi, minister, **ordained minister, educator in a religious or private parochial school**, or religious order of a recognized religious organization.

## Explanation of the Proposed Clarification Change in AS 29.45.030 (b) (1).

1. As written AS 29.45.030(b) does not provide tax assessor's the clarity to exempt properties owned by a non-profit religious organization that are used to house educators, ministering as teachers in a private or parochial school.
2. This statute change would not benefit individual educators living in their own home. The tax exemption does not apply to privately owned residents.

This statute change would only apply to properties which are owned by a qualified non-profit religious organization. No individual would benefit from this tax exemption.

Consider adopting the definition for "A MINISTER" that the IRS uses:

A minister is one who:

1. Is ordained, commissioned, or licensed as a minister according to the standards of the church or denomination for its ministers.
2. Is employed by the church or denomination to carry out a ministry of the church.

This would provide clarity for assessors in determining if a property owned by a non-profit organization should be exempt.

# Alaska State Legislature

DURING SESSION  
STATE CAPITOL  
NENAH, AK 99801-1182  
(907) 465-4843 (800) 892-4843  
FAX: (907) 465-3871

WEB SITE  
[www.akRepublicans.org/Bunde](http://www.akRepublicans.org/Bunde)

DURING INTERIM  
718 W. FOURTH AVE.  
ANCHORAGE, AK 99501-2133  
(907) 269-0181  
FAX: (907) 269-0184


E-MAIL  
[Senator.Con.Bunde@legis.state.ak.us](mailto:Senator.Con.Bunde@legis.state.ak.us)

## SENATOR CON BUNDE

District P

VICE-CHAIR: SENATE FINANCE COMMITTEE  
CHAIR: SENATE LABOR & COMMERCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## MEMORANDUM

DATE: January 16, 2006  
TO: Senator Stevens, Senate Community and Regional Affairs  
FROM: Senator Con Bunde   
RE: Senate Bill 193 Hearing

---

Senator Stevens:

I respectfully request that Senate Bill 193 "*An Act relating to an optional deferral of municipal property taxes on certain primary residences owned and occupied by individuals with incomes at or below federal poverty guidelines for the state*" is heard in the Community and Regional Affairs Committee as soon as possible. Attached please find the bill, fact sheet and sponsor statement.

Thank you for your consideration of this bill. If you have any questions or would like more information, please call my office at x 4843.

Sincerely,  
Senator Con Bunde



Alaska State Legislature

Senator Con Bunde  
Senate District P

Vice Chair: Senate Finance Committee  
Chair: Senate Labor & Commerce Committee

## **Sponsor Statement for SB 193**

"An Act relating to an optional deferral of municipal property taxes on certain primary residences owned and occupied by individuals with incomes at or below federal poverty guidelines for the state."

SB 193 protects individual property rights while still allowing municipalities to collect revenue via property taxes. Currently, it is possible for homeowners to lose their home if they encounter difficult financial circumstances or live in an area where they cannot contend with rising property values. SB 193 is in essence a "homestead bill" that municipalities may choose to adopt via an ordinance. This bill allows true home ownership in Alaska.

SB 193 allows municipalities to implement a property tax deferral program for homeowners who are living under the federal poverty guidelines and have occupied the property as a primary residence for a minimum of ten years. Property owners must apply for the deferral on an annual basis. The deferred taxes are due when the property is transferred to a new owner or when the homeowner dies. However, SB 193 bars a municipality from charging interest on the deferred property taxes between the date of deferral and the date of payment.

This legislation is essential to establish real home ownership for Alaskans. SB 193 confirms that the Alaska State Legislature will not allow residents to be taxed out of their home, while still allowing local municipals to collect revenue.



## Alaska State Legislature

Senate Majority Web: [www.akrepublicans.org](http://www.akrepublicans.org)

Sponsor: Senator Con Bunde  
Current Version: SB 193  
Contact: Lauren Wickersham, 465-3881

### Fact Sheet for: Senate Bill 193

**Short Title:** DEFERRAL OF MUNICIPAL PROPERTY TAXES

**Summary:**

- Allows municipalities to create an ordinance implementing a property tax deferral program for homeowners.
- Requires the property to be a primary residence for a minimum of ten years.
- Permits property tax deferral to homeowners living under the federal poverty guidelines.
- Mandates that property owners apply for the deferral on an annual basis and pay deferred taxes when the property is transferred to a new owner.
- Bars a municipality from charging interest on the deferred property tax between the date of deferral and the date of payment.

**Benefits:**

- Gives temporary property tax relief to homeowners who choose to delay or are unable to pay property taxes.

**Background:**

- The state has an interest in making sure homeowners can retain possession of their homes even under the most difficult circumstances. SB 193 gives municipalities the power to create a property tax deferral ordinance. The program permits a homeowner to defer payment of property taxes if they have lived in the residence for a minimum of ten years or are living below federal poverty guidelines. A local government cannot assess interest on the tax between the time the deferral is applied for and the time the property is sold. SB 193 is essentially a "homestead bill" that creates true home ownership.

# LEGISLATIVE RESEARCH REPORT

DECEMBER 4, 2000



REPORT NUMBER 01.028

## PROPERTY TAX EXEMPTIONS FOR HOMEOWNERS IN OTHER STATES

PREPARED FOR REPRESENTATIVE HARRY CRAWFORD

BY CHERIE NIENHUIS, LEGISLATIVE ANALYST

SUMMARY .....	1
ALASKA LAW ON PROPERTY TAX EXEMPTIONS .....	2
STATE PROPERTY TAX RELIEF MECHANISMS .....	3
PROPERTY TAX RELIEF PROGRAMS USED IN OTHER STATES .....	4
Tables in Attachment A.....	5
PROS AND CONS OF PROPERTY TAX RELIEF PROGRAMS .....	6
<i>Table 1: Summary of Attachment A – Property Tax Exemption Programs in Other States</i> .....	8

You asked for information about homeowners' exemptions on property taxes. Specifically, you asked if laws in other states contain such exemptions, and if so, how and under what circumstances the exemptions are applied. Following a brief summary is a more in-depth discussion of Alaska law on property tax exemptions, as well as other tax relief options that have been wholly or partially implemented in other states. Finally, we conclude by discussing the pros and cons of property tax exemption programs.

### SUMMARY

According to David Baer, of the American Association of Retired Persons (AARP) Public Policy Institute, laws in 49 states, including Alaska, offered some type of property tax relief for

homeowners in the year 2000 through exemptions or credits.<sup>1</sup> The nature and extent to which programs have been offered is dependent, to a large degree, on the public policy goals to be achieved (i.e., whether tax relief is intended for certain groups of people, such as senior citizens), and the amount of revenue state lawmakers determine either that they can afford to reimburse the municipalities, or that the municipalities can afford to do without. Some tax exemption programs provide assistance to the elderly or the disabled, and set a maximum eligible household income and/or benefit, while others provide a homestead exemption or credit for persons of any age, based on the assessed value of the property.

Property taxes have long been considered regressive—that is, lower income individuals must spend a higher portion of their income on property taxes than upper income individuals. Older persons are hit especially hard because their property wealth tends to be high relative to their income. Our research into other states' programs revealed that exemptions benefiting the elderly and/or disabled are the most popular types of programs nationwide, with 44 of the 49 states reporting property tax exemption laws providing this specially-tailored tax relief.

Alaska state law currently provides a state-supported property tax exemption program for senior and disabled veteran homeowners and renters. The exemption for senior and disabled persons is one of the largest in the country, exempting up to \$150,000 of the assessed value of the home, regardless of the applicant's income or assets. Whereas local governments used to be reimbursed by the state for the losses in revenue due to this exemption, the last time the legislature made payment in full to the local governments was in 1985. Since 1996, the legislature has not appropriated any money to reimburse local governments under this exemption, and the local governments have simply had to absorb the annual losses, totaling \$26.7 million in 1999.<sup>2</sup>

Alaska statutes also contain a local ordinance option for property tax exemptions or exclusions to be granted in an amount not exceeding \$10,000 of the assessed value of any one residence, regardless of the claimant's age, income or physical status. Local governments are not reimbursed for lost revenue from this type of exemption.

## ALASKA LAW ON PROPERTY TAX EXEMPTIONS

As mentioned above, Alaska law (AS 29.45.030 [e]) provides property tax relief for senior citizens and disabled veteran homeowners. The law grants qualifying persons an exemption on the first \$150,000 of the assessed value (AV) of the real property owned and occupied by the individual as the primary residence and permanent place of abode. In addition, local jurisdictions may exclude, exempt, or partially exempt residential property from taxation by ordinance ratified by the

---

<sup>1</sup> Oregon was the only state without a property tax exemption program for homeowners in 2000. In 1992, Oregon's voters approved a statewide property tax limitation. Oregon law provides a homestead exemption for eligible renters, however, and also a tax deferral program for low income senior citizens. A complete listing of the property tax exemption programs offered in other states in 2000 is included as Attachment A.

<sup>2</sup> Alaska Department of Community and Economic Development, *Alaska Taxable 1999*, January, 2000, available at <http://www.dced.state.ak.us/mra/99Taxable.pdf>.

local government's voters at an election.<sup>3</sup> Exclusions or exemptions authorized by local ordinance may only extend to the first \$10,000 of the assessed value of any one residence.

Alaska State Assessor Steve Van Sant told us that in tax year 1999, 15,800 applicants took advantage of the state-supported exemption of \$150,000 AV on their residences, which totaled lost revenues of \$26.7 million. In tax year 2000, the number of applicants rose to 16,600, totaling \$28.2 million in foregone revenue. Although statute (AS 29.40.030 [g]) indicates that these lost revenues are to be reimbursed by the state, Mr. Van Sant said that the legislature has failed to provide the necessary funding to reimburse local governments for this loss since 1996.<sup>4</sup>

Governing bodies of five jurisdictions have passed ordinances providing local exemptions for property under the statutory limit of \$10,000 AV or less.<sup>5</sup> Alaska law does not provide for state reimbursement for these local property tax exemptions. However, as Mr. Van Sant observed, the relatively small value of the exemption doesn't have much impact on the community, especially when there is plenty of oil and gas property in the borough to pick difference in revenue.

Alaska law (AS 29.45.040) also includes an exemption for senior citizens and disabled veterans who are renters. Tax relief for renters is in the form of a tax equivalency payment from the state.<sup>6</sup>

Individuals qualifying under any of the above Alaska exemptions must submit their applications annually by statutorily-fixed deadlines to be eligible for the exemptions.

## STATE PROPERTY TAX RELIEF MECHANISMS

Due to their regressive nature—lower income individuals will likely pay a higher percentage of their income for property taxes than will upper income individuals—property taxes have been the subject of much debate among state lawmakers. Many attempts have been made to lessen their impact on particular groups of people, including senior citizens, disabled veterans, and other lower income individuals. Yet, their importance as a mainstay in local finance across the nation has, so far, precluded any attempts at eliminating them from our local tax base. State lawmakers have thus explored property tax exemption options to ease the burden of high taxes to those most in need. Several of the most common exemption options are described below.

---

<sup>3</sup> AS 29.45.050, Optional Exemptions and Exclusions.

<sup>4</sup> AS 29.40.030 (g) reads, in part, "(g) The state shall reimburse a borough or city, as appropriate, for the real property tax revenues lost to it by the operation of (e) of this section . . . . If appropriations are not sufficient to fully fund reimbursements under this subsection, the amount available shall be distributed pro rata among eligible municipalities."

<sup>5</sup> The five jurisdictions are Fairbanks, Bristol Bay Borough, Kenai Peninsula Borough, North Slope Borough, and Valdez. Mr. Van Sant said that legislators in Fairbanks and Valdez would like to raise the local exemption to \$50,000 AV, and the issue received some attention at the last meeting of the Alaska Municipal League in November, 2000.

<sup>6</sup> AS 29.45.040 (b) states, "For purposes of determining the amount of a payment to an eligible person, the department shall calculate at the rate of one percent per mill a property tax equivalent percentage for each municipality that levies a property tax. The property tax equivalent percentage applied to the annual rent charged to the applicant equals the property tax equivalency payment payable under this section."

**Homestead exemptions** reduce the amount of assessed property value subject to taxation for owner-occupied housing.<sup>7</sup> Homestead exemptions generally provide the same reduction in the assessed property value for all eligible households. Some states phase out exemptions as the taxpayer's income increases; in those cases, the programs are technically circuitbreaker programs, as described below. Reductions in local revenues due to homestead exemptions are often, but not always, fully reimbursed by state government funds.

**Circuitbreaker programs**, just as their name implies, are designed to prevent system overloading, and the circuitbreaker "trips" when an individual's property taxes reach a certain percentage of a taxpayer's income. Circuitbreakers may be based on a sliding-scale, threshold, or other formula, so that the reduction applied is relative to the applicant's income. Tax relief is often given in the form of a tax credit, and is usually applied to the individual's state income tax. Some states set an upper limit to the amount of credit provided to claimants.

**Tax deferral programs** allow certain individuals, generally the elderly and disabled, to postpone payment of all or a portion of their property taxes until the sale of their property or until their death. Some eligible homeowners elect not to participate in tax deferral programs because the property taxes owed become a lien against the value of the home.

**Other mechanisms** to provide property tax relief include freezing assessed property values, property tax rates, and property taxes themselves.

All of the programs described above may be applied using needs-based criteria. Most of them can be altered to fit either homeowner or renter situations. Further, programs may be adapted to accommodate various payment terms, including exemptions, reimbursements, or as credits against other liabilities.

## PROPERTY TAX RELIEF PROGRAMS USED IN OTHER STATES

In order to find out how other states' tax relief programs are structured, we contacted David Baer of the Public Policy Institute, which is part of The Research Group of the American Association of Retired Persons (AARP). Tax experts at the National Conference of State Legislatures consider Mr. Baer's work on the subject to be the most comprehensive and reliable available. Mr. Baer has been regularly surveying states about their property tax relief programs since 1993 for the purpose of providing valuable tax-saving information to older Americans. He is currently working on his fourth publication containing this type of information, entitled *The State Economic, Demographic, and Fiscal Handbook, 2000*. Mr. Baer provided us with several tables from this handbook and they are included as Attachment A. We summarize the attached information in Table 1.

We verified the accuracy of Mr. Baer's data through checking some of the states' statutes pertaining to tax exemption programs. We also compared his numbers and descriptions of programs with previous studies done by tax experts at the National Conference of State Legislatures. Although national tax websites searched provide some information on state tax exemptions individually, none contained a more current or complete set of data than Mr. Baer's.

---

<sup>7</sup> Some state laws may also provide homestead exemptions for renters.

---

## TABLES IN ATTACHMENT A

---

**Table A-1** lists states with circuitbreaker programs for homeowners.

**Table A-2** lists states with circuitbreaker programs for renters.

Thirty-five states had a circuitbreaker program for either homeowners or renters or both in 2000.

**Table B-1** lists states that have homestead exemption programs *without* income eligibility guidelines. Thirty-three states have laws providing this type of exemption. Of these 33 states, 28 provide the exemption regardless of the applicant's age or physical status.

**Table B-2** lists states that have homestead exemptions *with* income eligibility guidelines. Fourteen states have laws providing this type of exemption.

**Table C-1** lists states that offered property tax deferral programs in 2000. A total of 25 states have laws allowing residents, mostly elderly and disabled, to defer property taxes.<sup>8</sup> Some states also implement an income level eligibility cap.

State lawmakers regularly adapt and modify property tax exemption programs to fit their state's fiscal and public policy goals. This becomes especially evident when reading the notes accompanying the above-noted tables. A primary determinant in deciding which program to use will undoubtedly be whom the program will benefit, and how and when it will be implemented. Some states have implemented several programs designed to benefit a wide range of taxpayers at different levels. For example, in Ohio, three major state laws have been enacted to allow property tax credits (which represent reductions of tax rather than reductions of value) to taxpayers in that state. They are the *homestead exemption*, the *tax reduction factor*, and the *percentage rollback*.

- The *homestead exemption* in Ohio law is similar to Alaska's in that tax relief is granted to qualified elderly and disabled homeowners. Legislation introduced for tax year 2000 in Ohio adjusts income eligibility criteria for inflation.
- The *tax reduction factor* used in Ohio applies to real property being reappraised or updated. The effect of this law is to eliminate increases in revenue from taxes which would otherwise occur when existing real property in a taxing unit is reappraised or updated.
- Ohio's *percentage rollback* law grants tax relief in the form of a 10% reduction in each taxpayer's real property tax bill. The 10% reduction, which applies to all real property, including residential and business property, has been in effect in Ohio since 1971. A further rollback provision of 2 ½% was added in 1979 to reduce the tax burden on residential property taxpayers.<sup>9</sup> Municipalities are reimbursed by the state for the revenue lost due to the percentage rollback program.

---

<sup>8</sup> Three states offered some tax deferral to homeowners of all ages. They are the District of Columbia, Florida, and Pennsylvania.

<sup>9</sup> Ohio revised code § 319.30.2 and § 323.15.2 detailing percentage rollback provisions are included in Attachment B.

Several other states have enacted laws to provide property tax relief regardless of age, physical, or income status of the applicant. According to Mr. Baer's data, homestead exemptions were provided in 28 of the 33 states listed without regard to the claimant's income, age or physical status, although some were subject to other conditions, or were available only at a local level.<sup>10</sup> Because you expressed a special interest in researching these types of across-the-board exemptions, we have included copies of relevant statutes for Montana, Ohio, and New Mexico as Attachment B, all of which provide property tax exemption laws not subject to any specific eligibility criteria.

## PROS AND CONS OF PROPERTY TAX RELIEF PROGRAMS

A main source of frustration for property taxpayers nationwide is that as real property values rise, so, too, do their property tax bills. As many states seek to expand their property tax relief provisions, or attempt to establish tax limitations through legislation, much can be learned from other states' good and bad experiences.

One of the most common ways of dealing with the inequities property taxes imposed on lower income individuals is to target or stratify the population into benefit levels, depending on need, and to administer relief accordingly. However, programs that are too complicated may actually scare away eligible persons who would otherwise apply for the tax exemption. Worse yet are well-intentioned programs that fail to accomplish their objectives. New Jersey is a case in point where "patchwork" property tax relief programs, piled on top of one another, in the words of one knowledgeable observer, "created a complicated system that neither delivers enough relief nor targets that relief" adequately.<sup>11</sup>

Tax relief provided for all, regardless of need, is not necessarily the answer either. Ohio's Administrator of the Tax Analysis Division, Department of Taxation, Ron Mucha, explains that Ohio's flat 10% tax rollback (reduction) program was originally intended to soften the impact of the state personal income tax, instituted by the Ohio legislature in the same year (1971). Now, some 30 years later, people might not even know they are getting the tax break, Mr. Mucha said. Property tax bills usually go directly to lien-holding banks, where the residential reduction is factored into monthly mortgages. Mr. Mucha explains that people with homes worth millions of dollars who do not need it, take it anyway. He notes further that every year there is talk about doing away with the program, but no one actually wants to do it because it would be politically unpopular. People have just come to expect it, he told us.

Alaska's State Assessor Steve Van Sant also believes that property tax exemptions should be at least partially needs-based. Most of the other states have implemented needs-based exemption programs, Mr. Van Sant commented. He points out that Alaska law used to have an income criteria in addition to the age and disability factor, but it has since been eliminated. Alaskans with

---

<sup>10</sup> See Attachment A, Table B-1; other eligibility conditions are contained either in the table or in the notes accompanying the table. The notes are particularly useful in that they provide the detail necessary to understand state eligibility and reduction level criteria.

<sup>11</sup> Cambria, Judith C., *New Jersey's Patchwork Property Tax Relief: How to Make a Bad System Better*, a project at the New Jersey Policy Perspective; available at [http://www.njpp.org/cambria\\_toc.html](http://www.njpp.org/cambria_toc.html) (accessed 12/01/00). Ms. Cambria has served as Executive Director for the Citizen's Coalition for Tax Reform and the Committee for a Responsible Legislature in New Jersey.

very high incomes and high property values are still eligible for the generous \$150,000 senior/disabled-targeted exemption as long as they meet those criteria.

Another perhaps equally important consideration before implementing a property tax relief program is how much revenue local governments can afford to forego, or if state reimbursement is expected, how much of this revenue gap the state can afford to pay back. Pure circuitbreaker programs do not give everyone tax relief, so the cost to the state will probably be lower. On the other hand, programs that guarantee "something for everyone," while they may be politically popular, may leave politicians with no other option than to set maximum benefits at such a low level that the benefit is negligible.

---

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

**Table 1: Summary of Attachment A - Property Tax Exemption Programs in Other States\***

State	Property Tax Exemption Programs With Age Eligibility		Property Tax Exemption Programs With Disability Eligibility		Homestead Exemption Programs With Income Eligibility (Table B-2)	
	Seniors and/or disabled persons (a)	All Ages	Seniors and/or disabled persons (a)	All Ages	Seniors and/or disabled persons (a)	All Ages
Alabama			X	X	X	
Alaska			X	X		
Arizona	X			X		
Arkansas	X					
California	X			X		
Colorado	X					
Connecticut	X	X	X			
Delaware			X			
District of Columbia		X		X	X	
Florida				X	X	
Georgia				X	X	
Hawaii	X		X	X		
Idaho	X			X		
Illinois	X		X	X		
Indiana				X	X	
Iowa	X			X	X	
Kansas	X			X		
Kentucky			X			
Louisiana				X		
Maine	X	X		X		
Maryland	X			X		
Massachusetts			X		X	
Michigan		X				
Minnesota		X		X		
Mississippi			X	X		
Missouri	X					
Montana	X	X		X		
Nebraska	X					
Nevada	X					
New Hampshire					X	
New Jersey	X			X	X	X
New Mexico	X			X		
New York		X		X	X	
North Carolina					X	
North Dakota	X					
Ohio	X			X		
Oklahoma	X			X		X
Oregon (b)						
Pennsylvania	X			X		
Rhode Island	X					
South Carolina			X	X		
South Dakota	X					
Tennessee					X	
Texas			X	X		
Utah	X					
Vermont		X				
Virginia					X	
Washington	X					
West Virginia	X		X			
Wisconsin		X		X		
Wyoming		X				
<b>Totals</b>	<b>27</b>	<b>10</b>	<b>12</b>	<b>28</b>	<b>13</b>	<b>2</b>

**NOTES:** \* For more complete information on these programs, please consult tables and notes contained in Attachment A.  
 (a) Qualifying age and extent of disability varies from state to state.  
 (b) Oregon has none of these types of property tax exemption programs.

**SOURCE:** David Baer. Tables from AARP's upcoming publication, *Economic, Demographic and Fiscal Handbook, 2000*.

**Attachment A**

Tables from AARP Public Policy Institute's,  
*Economic, Demographic, and Fiscal Handbook, 2000*  
(Not Yet Published)

Tables from AARP Public Policy Institute's  
 upcoming publication "Economic, Demographic and  
 Fiscal Handbook, 2000"

Appendix A

Table A-1  
 Circuitbreaker Programs for Homeowners: 2000

State	Eligible Homeowners	Maximum Household Income	Maximum Benefit
Arizona	Aged 65-plus	\$3,750 (single) \$5,500 (joint)	\$502
Arkansas	Aged 62-plus	\$30,000*	\$325
California*	Aged 62-plus, blind or disabled	\$33,993	\$489*
Colorado	Aged 65-plus, disabled, or surviving spouse aged 58-plus	\$11,000 (single) \$14,700 (joint)	\$600
Connecticut	Aged 65-plus, disabled, or surviving spouse aged 50-plus	\$23,900 (single) \$29,300 (joint)	\$1,000 (single) \$1,250 (joint)
	All ages	No income cap	\$500*
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	\$19,570	\$1,200
Illinois	Aged 65-plus or disabled	\$21,218 (1 person household); \$28,480 (2 person household); \$35,740 (3 person household)	*
Iowa	Aged 65-plus or disabled	\$16,665	\$1,000
Kansas	Aged 55-plus, disabled, or with dependent children	\$25,000	\$600

State	Eligible Homeowners	Maximum Household Income	Maximum Benefit
Maine*	Aged 62-plus, or disabled aged 55-plus	\$10,900 (single) \$13,600 (2 or more)	\$400
	All others	\$27,400 (single) \$42,600 (2 or more)	\$1,000
Maryland*	Aged 60-plus, disabled, or those with dependents	None	*
Michigan	All ages	\$82,650	\$1,200
Minnesota	All ages	\$71,410	\$490
Missouri	Aged 65-plus or disabled	\$25,000 (single) \$27,000 (joint)	\$750
Montana	Aged 62-plus	\$45,000	\$1,000
	All ages*	\$15,946 (single) \$21,261 (joint)	*
Nebraska	Aged 65-plus	\$24,900 (single)* \$29,300 (married couples)	*
	Disabled	\$27,400 (single)* \$31,600 (married couples)	*
Nevada	Aged 62-plus	\$22,425	*
New Jersey	Aged 65-plus 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	\$14,000*	\$2,000 taxable value
Ohio	Aged 65-plus or disabled	\$23,300	\$5,000 AV
Oklahoma	Aged 65-plus or disabled	\$12,000	\$200

State	Eligible Homeowners	Maximum Household Income	Maximum Benefit
Pennsylvania	Aged 65-plus, disabled, or surviving spouses aged 50-plus	\$15,000	\$500
Rhode Island	Aged 65-plus or SSDI recipients	\$30,000	\$250
South Dakota	Aged 65-plus or disabled*	\$9,500 (single) \$12,500 (multiple-member household)	35% of taxes due (single); 55% of taxes due (multiple-member household)
Utah	Aged 65-plus	\$22,422	*
Vermont	All ages	\$47,000	None
	All ages	\$88,000	*
Washington	Aged 61-plus or disabled	\$30,000	*
West Virginia	Aged 65-plus	\$5,000	\$125
Wisconsin	All ages	\$24,500	\$1,160
Wyoming	All ages	180% of the federal poverty level	\$500 (single); \$600 (married couple)

AV=Assessed value

SSDI= Social Security Disability Income

\*Notes:

**Arkansas** - WWI veterans and their widows exclude Social Security and retirement income from calculating the qualifying income of \$30,000.

**California** - 96 percent of tax on first \$34,000 assessed value. The benefit of \$489 will be reduced to \$326.40 in the year 2001.

**Connecticut** - Connecticut offers a circuitbreaker program whereby residents of all ages and incomes are eligible for an income tax credit of up to \$500 off their real estate or car tax

**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 property tax rate is reduced by 80 percent. To qualify for this benefit, homeowners must occupy their home at least 7 months out of the year.

**Nebraska** - In addition to the income ceiling requirement, in order to qualify for the program, the homestead value for homeowners aged 65 or older cannot exceed \$95,000 or 150 percent of the county's average assessed value (whichever is greater) plus \$20,000. For disabled homeowners, the maximum homestead exemption cannot exceed \$110,000 assessed value or 175 percent of the county's average assessed value (whichever is greater) plus \$20,000. The maximum homestead exemption benefit for homeowners aged 65 or older equals \$40,000 assessed value or 80 percent of the county's average assessed value (whichever is greater). The maximum homestead exemption for disabled homeowners equals \$50,000 assessed value or 100 percent of the county's average assessed value (whichever is greater).

**Nevada** - 90 percent of tax owed up to \$500 for the maximum benefit

**New York** - The fair market value for all real properties 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** - Homeowners must have been a state resident for five years. An additional local option program for reducing municipal taxes is available to some low-income homeowners age 65 or older or disabled

**Utah** - \$598 tax credit plus an additional credit equal to the tax on 20 percent of the fair market value.

**Vermont** - The maximum benefit applied toward school property taxes for homeowners whose income is \$88,000 or less is either a \$15,000 homestead exemption or the amount of school property taxes that exceed a factor (from 2.0% to 4.1%) multiplied by their household income (whichever is greater).

**Washington** - Up to 60 percent of total assessed value or \$50,000 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: 2000**

<b>State</b>	<b>Eligible Renters</b>	<b>Maximum Household Income</b>	<b>Maximum Benefit</b>
Arizona	Aged 65-plus	\$3,750 (single) \$5,500 (joint)	\$502
California	Aged 62 -plus, blind or disabled	\$33,993	\$360*
Colorado	Aged 65-plus, disabled, or surviving spouse aged 58-plus	\$11,000 (single) \$14,700 (joint)	\$600
Connecticut	Aged 65-plus, disabled, or surviving spouse aged 50-plus	\$23,900 (single) \$29,300 (joint)	\$700 (single)* \$900 (married couples)*
	All ages	No income cap	\$500*
District of Columbia	All ages	\$20,000	\$750
Illinois	Aged 65-plus or disabled	\$21,218 (1 person household); \$28,480 (2 person household); \$35,740 (3 person household)	*
Iowa	Aged 65-plus or disabled	\$16,665	\$1,000
Kansas	Aged 55-plus, disabled, or with dependent children	\$25,000	\$600
Maine*	Aged 62-plus, or disabled aged 55- plus	\$10,900 (single) \$13,600 (2 or more)	\$400
	All others	\$27,400 (single) \$42,600 (2 or more)	\$1,000

State	Eligible Renters	Maximum Household Income	Maximum Benefit
Maryland	Aged 60-plus, disabled, or with dependents	None	\$600
Michigan	All ages	\$82,650	\$1,200
Minnesota	All ages	\$41,650	\$1,140
Missouri	Aged 65-plus or disabled	\$25,000 (single) \$27,000 (joint)	\$750
Montana	Aged 62-plus	\$45,000	\$1,000
Nevada	Aged 62-plus	\$22,425	*
New Jersey	Aged 65-plus 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	\$14,000	\$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	\$30,000	\$250
South Dakota*	Age 65-plus or disabled	\$9,500 (single); \$12,500 (multiple-member household)	35% of taxes due (single); 55% of taxes due (multiple-member household)
Utah	Aged 65-plus	\$22,422	\$598
Vermont	All ages	\$47,000	None
West Virginia	Aged 65-plus	\$5,000	\$125
Wisconsin	All ages	\$24,500	\$1,160

SSDI= Social Security Disability Income

*\*Notes:*

**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.

**California** - The benefit of \$360 will be reduced to \$240 in the year 2001.

**Colorado** - Income ceilings increased to \$11,000 (single) and \$14,700 (married couples). The maximum benefit increases to \$600 in 1999.

**Connecticut** - Renters receive 35% of rent and utilities up to \$700 (single) and \$900 (married couples). Connecticut also offers a circuitbreaker program whereby residents of all ages and incomes are eligible for an income tax credit of up to \$500 off their real estate or car tax.

**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 for the maximum benefit

**Oregon** - Rent cannot exceed \$2,100 per year to qualify, and the benefit equals the difference between the yearly rent paid and 20% of the yearly household income.

**South Dakota** - Homeowners must have owned their real property for at least 3 years or have been a state resident for at least 5 years.

*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: 2000**

<b>State</b>	<b>Eligible Homeowners</b>	<b>Maximum Homestead Exemption or Credit</b>
Alabama	All ages	\$4,000 AV (state taxes) and \$2,000 AV (county taxes)*
	Over Age 65	Full exemption (state taxes)
Alaska	Age 65-plus, disabled veterans or surviving spouses over age 60	\$150,000 AV
	All ages	\$10,000 AV, L
Arizona	All ages	*
California	All ages	\$7,000 AV
Connecticut	Aged 65-plus or disabled	*
Delaware	Age 65 or older	50% tax credit or \$500 (whichever is less) on school property taxes
District of Columbia	All ages	\$30,000 AV
Florida	All ages	\$25,000 AV
Georgia	All ages	\$2,000 AV plus a tax credit paid on the first \$4,000 of AV
Hawaii	Under age 55	\$40,000 AV
	Aged 55-plus	*
Idaho	All ages	*
Illinois*	All ages	\$3,500 or \$4,500 (Cook County) AV
	Aged 65-plus	\$5,500 or \$7,000 (Cook County) AV
Indiana	All ages	*
Iowa	All ages	\$4,850 AV

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Kansas	All ages	\$20,000 AV for school property taxes
Kentucky	Aged 65-plus or disabled	\$25,400 AV
Louisiana	All ages	\$7,500 AV*
Maine	All ages	\$7,000 AV
Maryland	All ages	*
Massachusetts	Age 70 or over or surviving spouse	\$2,000 assessed value or \$175 (whichever is greater)*
Minnesota	All ages	*
Mississippi	Under age 65	\$240 tax credit
	Aged 65-plus or disabled	\$6,000 AV*
Montana	All ages	23% of the property's taxable market value
New Jersey	All ages	*
New Mexico	All ages	\$2,000 AV
New York	All ages	\$20,000 AV for school property taxes
Ohio	All ages	12.5% of property taxes
Oklahoma	All ages	\$1,000 AV
Pennsylvania	All ages	* L
South Carolina	All ages	\$100,000 AV*
	Aged 65-plus or disabled	\$50,000 fair market value
Texas	All ages	\$15,000 AV (school taxes) \$3,000 AV (county taxes)
	Aged 65-plus or disabled	\$25,000 AV (school taxes) \$3,000 AV (other local taxes)*
West Virginia	Aged 65-plus or disabled	\$20,000 AV
Wisconsin	All ages	\$300 tax credit toward personal income taxes

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** - Local option property tax relief.

**Hawaii** - Exemptions increase with age ranging from \$60,000 assessed value (ages 55 to 59) to \$120,000 assessed value (age 70 and over).

**Idaho** - \$50,000 assessed value or 50 percent of assessed value, whichever is less, for residential improvements.

**Illinois** - Homeowners are also eligible for a \$45,000 exemption for the fair cash value that was added to the homestead property by any new improvement. The exemption is good for four years from the date the improvement was completed and occupied.

**Indiana** - Ten percent of tax plus a homestead deduction of \$2,000 assessed value or one-half of the total assessed value (whichever is less). Homeowners can also deduct up to \$2,500 of their property taxes from their taxable state personal income. Renters can deduct up to \$2,000 from their taxable state personal income.

**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.

**Massachusetts** - Local option to have higher benefits.

**Minnesota** - 40 percent of the tax on first \$76,000 of fair market value; 83% of the general school property tax rate with a maximum credit of \$390.

**Mississippi** - Homeowners do not pay tax on the first \$6,000 AV.

**New Jersey** - 40 percent of the school property taxes paid in 1997 on the first \$45,000 of equalized assessed value. Taxpayers cannot benefit from both this credit and the circuitbreaker program.

**New York** - Starting in school year 1999, all homeowners are eligible to receive a \$10,000 exemption applied to school property taxes; the \$10,000 exemption will increase to \$30,000 in the year 2001.

**Pennsylvania** - A local option program in which up to 50% of the median assessed value of residential properties for school property taxes can be exempted. Homeowners can also receive up to a \$100 rebate for school property taxes for taxes paid during the 1999-2000 fiscal year (does not pertain to other fiscal years).

**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: 2000**

State	Eligible Homeowners	Maximum Homestead Exemption or Credit	Income Caps
Alabama	Over age 65	\$5,000 AV (local taxes)	\$12,000 AGI
		Full exemption (state & local taxes)	\$7,500 AGI
District of Columbia	Aged 65-plus	Up to 50% of taxes	\$100,000
Florida	Age 65-plus	\$25,000 AV, L	\$20,000
Georgia	Aged 62-plus	\$10,000 AV*	\$10,000
	Aged 65-plus	\$4,000 AV*	\$10,000
Indiana	Aged 65-plus	\$2,000 AV*	\$25,000
	Blind or disabled,	\$2,000 AV	\$17,000
Iowa	Disabled veterans	Full exemption	\$25,000
Massachusetts	Aged 70 and over	\$4,000 AV or \$500 credit (whichever is greater)*	\$13,000 (single)* \$15,000 (married)*
New Hampshire	Aged 65 and over	*	\$13,400 (single) \$20,400 (married couples)
New Jersey	Aged 65-plus or disabled	\$250	\$10,000*
	Under age 65	\$90 (homeowners) \$60 (renters)	\$40,000 (homeowners) \$100,000 (renters)
	Homeowners and renters of all ages	Total amount of property taxes paid up to \$10,000 can be deducted from their taxable state personal income	More than \$10,000 (single) or more than \$15,000 (married, filing joint)
New York	Aged 65-plus	\$50,000 AV for school property taxes	\$60,000
		Up to the first 50% AV, L	\$28,899
North Carolina	Aged 65-plus or disabled	Up to the first 20,000 AV	\$15,000

State	Eligible Homeowners	Maximum Homestead Exemption or Credit	Income Caps
Oklahoma	All ages	\$2,000 AV	\$20,000
Tennessee	Aged 65-plus or disabled	*	\$11,510
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 school and county property taxes if recipient's income is \$10,000 or less (excluding Social Security benefits).

**Indiana** - The maximum homestead exemption for homeowners age 65 or older is \$2,000 in assessed value or one-half the assessed value (whichever is less). In addition, homeowners age 65 or older cannot own a primary residence worth more than \$23,000 in assessed value to be eligible for the \$2,000 exemption.

**Massachusetts** - Income ceilings do not include any SSI income. Localities have the option of having higher benefits.

**New Hampshire** - Homeowners must have been a resident for at least five years. Assets (excluding a person's residence) cannot exceed \$35,000. Homestead exemptions have to equal at least \$5,000 in assessed property value.

**New Jersey** - The \$10,000 income ceiling excludes Social Security benefits or a government pension up to the maximum amount of Social Security benefit allowed (whichever is greater).

**Tennessee** - Tax credit is based on the first \$18,000 market value or on a maximum assessed value of \$4,500; actual credit depends on tax rates and other related factors.

**Vermont** - Maximum benefit is either a \$15,000 homestead exemption or two percent of the household income (whichever is less).

**Virginia** - Local option to exempt all property taxes for taxpayers with incomes at or below \$30,000 and whose net worth is below \$100,000 (excluding dwelling); some cities and adjacent counties exempt taxes for persons with incomes below \$52,000 and whose net worth is below \$195,000 (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: 2000

State	Eligible Homeowners	Deferral Amount	Income Caps
Arizona	Various eligibility requirements*	All property taxes	\$10,000
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	Taxes exceeding 5% of income	None
	All ages	All property taxes	\$10,000
	Aged 65 and over	Taxes exceeding 3% of income	None
	Aged 70 and over	All property taxes	\$12,000
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	All property taxes	None
	Aged 65 and over	*	None
Maine*	Age 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

State	Eligible Homeowners	Deferral Amount	Income Caps
Michigan*	Aged 65 and over or disabled	Special assessments over \$300	\$16,823
Minnesota	Aged 65 and over	*	\$60,000*
	Aged 65 or older 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	\$14,000
Oregon*	Aged 62 and over	All property taxes	\$24,500*
		Special assessments	\$17,500
Pennsylvania	All ages	All property taxes, L	\$15,000
South Dakota*	Aged 70 and over	All property taxes	\$16,000 (single); \$20,000 (multiple-member household)
Tennessee*	Age 65 or older	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	All property taxes, 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; AGI = adjusted gross income;  
 AV = Assessed value; SSI = Supplemental Security Income

\*Notes:

**Arizona** - Homeowners must be age 70 or older, have a household income of \$10,000 or less, have lived in their residence at least six years, been an Arizona resident at least 10 years, have a real property cash value of \$150,000 or less, and must meet other various qualifications to qualify for the program.

**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.

**Illinois** - Recipients must have lived and owned 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** - Localities can lower the eligibility age to 55.

**Michigan** - Recipients must have lived in their homes for at least five years.

**Minnesota** - Homeowners must have lived in their homes for at least 15 years and have at least 25% equity in their homes to be eligible. Moreover, they can defer property taxes in excess of 3% of their income in the year preceding their deferral application.

**New Hampshire** - Homeowners must have owned 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.

**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.

**Virginia** - Local option to defer all property taxes for taxpayers with incomes at or below \$30,000 and whose net worth is below \$100,000 (excluding dwelling); some cities and adjacent counties provide tax deferral for persons with incomes below \$52,000 and whose net worth is below \$195,000 (excluding dwelling).

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

**Attachment B**

**Montana Code Annotated  
§ 15-6-134 and § 15-6-201**

**Ohio Revised Code  
§ 319.30.2 and § 323.15.2**

**New Mexico Statutes Annotated  
§ 7-37-4**

THE FOLLOWING PAGES MAY  
NOT FILM LEGIBLY BECAUSE OF  
THE POOR QUALITY OF THE ORIGINAL

land of 20 acres or more but less than 160 acres under one contract for deed is not eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1). The land may not be devoted to a commercial or industrial purpose.

Class four property is taxed at the taxable percentage rate applicable to class four property, as provided in 15-6-134(2)(a).

Land described in subsection (1)(c) is valued at the productive value of grazing land, at the average grade of grazing land, and the taxable value is computed by multiplying the value by seven times the taxable value of agricultural land.

En. Sec. 3, Ch. 693, L. 1979; amd. Sec. 1, Ch. 739, L. 1985; amd. Sec. 3, Ch. 631, L. 1987; amd. Sec. 1, Ch. 267, L. 1993; amd. Sec. 1, Ch. 627, L. 1993; amd. Sec. 4, Ch. 627, L. 1993.

Assessment of property, 15-8-111.

Taxation of federal property held under contract of sale, lease, or other interest, Title 15, ch. 24, part 11.

References to laws to enhance and improve agriculture, Art. XII, sec. 1, Mont. Const. 1893.  
Valuation of agricultural, 15-1-101.

**15-6-134. Class four property — description — taxable percentage.**

(1) Class four property includes:

(a) subject to 15-6-201(1)(z) and (1)(aa) and subsections (1)(f) and (1)(g) of this section, all land, except that specifically included in another class;

(b) subject to 15-6-201(1)(z) and (1)(aa) and subsections (1)(f) and (1)(g) of this section, all improvements, including trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$100,000 or less of the taxable market value of any improvement on real property, including trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 7 months a year as the primary residential dwelling of any person whose total income from all sources including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than \$15,000 for a single person or \$20,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (1)(c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowances or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least nine holes and not less than 700 lineal yards;

(e) subject to 15-6-201(1)(z), all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1), including 1 acre of real property beneath improvements on land described in 15-6-133(1)(c). The 1 acre must be valued at market value.

(f) (i) single-family residences, including trailers, manufactured homes, or mobile homes;

(ii) rental multifamily dwelling units;

(iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon which the residences and dwelling units are located and any leasehold improvements; and

(iv) vacant residential lots; and

(g) (i) commercial buildings and the parcels of land upon which they are situated; and

(ii) vacant commercial lots.

(2) Class four property is taxed as follows:

(a) (i) Except as provided in 15-24-1402 or 15-24-1501 and subsection (2)(a)(ii) of this section, property described in subsections (1)(a), (1)(b), (1)(e), (1)(f), and (1)(g) of this section is taxed at 3.794% of its taxable market value in tax year 1999.

(ii) The taxable percentage rate in subsection (2)(a)(i) must be adjusted downward by subtracting 0.0835 percentage points each year until the tax rate is equal to or less than 3.46%.

(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the rate provided in subsection (2)(a)(ii) of its market value multiplied by a percentage figure based on income and determined from the following table:

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
\$0 - \$ 6,000	0 - \$ 8,000	20%
6,001 - 9,200	8,001 - 14,000	50%
9,201 - 15,000	14,001 - 20,000	70%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the Bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a)(i).

(3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property.

History: En. Sec. 4, Ch. 693, L. 1979; amd. Sec. 3, Ch. 638, L. 1979; amd. Sec. 1, Ch. 693, L. 1981; amd. Sec. 69, Ch. 575, L. 1981; amd. Sec. 1, Ch. 584, L. 1981; amd. Sec. 1, Ch. 25, L. 1983; amd. Sec. 2, Ch. 632, L. 1983; amd. Sec. 1, Ch. 292, L. 1985; amd. Sec. 1, Ch. 663, L. 1985; amd. Sec. 2, Ch. 739, L. 1985; amd. Sec. 2, Ch. 743, L. 1985; amd. Sec. 1, Ch. 427, L. 1987; amd. Sec. 1, Ch. 575, L. 1987.

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure.

**15-6-201. (Effective on occurrence of contingency) Exempt categories.**

(1) The following categories of property are exempt from taxation:

- (a) except as provided in 15-24-1203, the property of:
  - (i) the United States, except:
    - (A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or
    - (B) as provided in 15-24-1103;
  - (ii) the state, counties, cities, towns, and school districts;
  - (iii) irrigation districts organized under the laws of Montana and not operating for profit;
  - (iv) municipal corporations;
  - (v) public libraries; and
  - (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
- (b) buildings, with land that they occupy and furnishings in the buildings, that are owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;
- (c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.
- (d) property that is:
  - (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;
  - (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
  - (iii) not maintained and operated for private or corporate profit;
- (e) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;
- (f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;
- (g) public museums, art galleries, zoos, and observatories that are not used or held for private or corporate profit;
- (h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;
- (i) truck canopy covers or toppers and campers;
- (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

- (k) motor homes;
- (l) all watercraft;
- (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;
- (n) the right of entry that is a property right reserved in land or received by means conveyance (exclusive of leasehold interests), devise, or succession to land with a surface title that is held by another to explore, prospect, or mine for oil, gas, coal, or minerals;
- (o) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and
  - (ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;
- (p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;
- (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.
- (r) (i) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:
  - (A) construct, repair, and maintain improvements to real property; or
  - (B) repair and maintain machinery, equipment, appliances, or other personal property;
- (ii) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance;
- (s) harness, saddlery, and other tack equipment;
- (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;
- (u) timber as defined in 15-44-102;
- (v) all trailers as defined in 61-1-111, semitrailers as defined in 61-1-112, pole trailers as defined in 61-1-114, and travel trailers as defined in 61-1-131;
- (w) all vehicles registered under 61-3-456;
- (x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i);

(y) motorcycles and quadricycles;

(z) the following percentage of the market value of residential property as described in 15-6-134(1)(e) and (1)(f):

(i) 16% for tax year 1999;

(ii) 23% for tax year 2000;

(iii) 27.5% for tax year 2001; and

(iv) 31% for tax year 2002 and succeeding tax years;

(aa) the following percentage of the market value of commercial property as described in 15-6-134(1)(g);

(i) 6.5% for tax year 1999;

(ii) 9% for tax year 2000;

(iii) 11% for tax year 2001; and

(iv) 13% for tax year 2002 and succeeding tax years;

(bb) the percentage of valuation of land calculated pursuant to 15-7-111(4);

(cc) personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy;

(dd) items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

(i) the acquired cost of the personal property is less than \$15,000;

(ii) the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

(iii) the lease of the personal property is generally on an hourly, daily, or weekly basis;

(ee) all agricultural implements and equipment;

(ff) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(gg) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(hh) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(ii) special mobile equipment as defined in 61-1-104;

(ij) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(kk) x-ray and medical and dental equipment;

(ll) citizens' band radios and mobile telephones;

(mm) radio and television broadcasting and transmitting equipment;

(nn) cable television systems;

(oo) coal and ore haulers; and

(pp) theater projectors and sound equipment.

(2) (a) For the purposes of subsection (1)(e):

(i) the term "institutions of purely public charity" includes an organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt

organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) For the purposes of subsection (1)(cc):

(a) "industrial dairy" means a large-scale dairy operation with 1,000 or more milking cows and includes the dairy livestock and integral machinery and equipment that the dairy uses to produce milk and milk products solely for export from the state, either directly by the dairy or after the milk or milk product has been further processed by an industrial milk processor. After export, any unprocessed milk must be further processed into other dairy products.

(b) "industrial milk processor" means a facility and integral machinery used solely to process milk into milk products for export from the state.

(4) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a residential structure.

History: En. Sec. 2, p. 73, L. 1891; re-en. Sec. 3671, Pol. C. 1895; re-en. Sec. 2499, Pol. C. 1907; amd. Sec. 1, Ch. 97, L. 1911; amd. Sec. 1, Ch. 24, L. 1919; re-en. Sec. 1898, Pol. C. 1921; Cal. Pol. C. Secs. 380, and 3811; amd. Sec. 1, Ch. 98, L. 1931; re-en. Sec. 1, Ch. 100, L. 1935; amd. Sec. 1, Ch. 85, L. 1945; amd. Sec. 1, Ch. 268, L. 1973; amd. Sec. 1, Ch. 361, L. 1973; amd. Sec. 1, Ch. 376, L. 1974; Clarified Sec. 1, Ch. 8, L. 1975; amd. Sec. 1, Ch. 325, L. 1975; amd. Sec. 1, Ch. 341, L. 1975; amd. Sec. 1, Ch. 442, L. 1975; amd.

Sec. 2, Ch. 507, L. 1975; amd. Sec. 7, Ch. 548, L. 1975; amd. Sec. 2, Ch. 52, L. 1977; amd. Sec. 1, Ch. 87, L. 1977; amd. Sec. 2, Ch. 112, L. 1977; amd. Sec. 2, Ch. 126, L. 1977; amd. Sec. 2, Ch. 203, L. 1977; amd. Sec. 1, Ch. 413, L. 1977; amd. Sec. 1, Ch. 483, L. 1977; amd. Sec. 2, Ch. 578, L. 1977; R.C.M. 1947, 84-303(1), (3), (8); amd. Sec. 1, Ch. 508, L. 1979; amd. Sec. 1, Ch. 616, L. 1979; amd. Sec. 1, Ch. 630, L. 1979; amd. Sec. 21, Ch. 712, L. 1979; amd. Sec. 1, Ch. 478, L. 1981; amd. Sec. 11, Ch. 614, L. 1981; amd. Sec. 1, Ch. 170, L. 1983; amd. Sec. 2, Ch. 223, L. 1983; amd. Sec. 1, Ch. 323, L. 1983; amd. Sec. 2, Ch. 463, L. 1985; amd. Sec. 5, Ch. 516, L. 1985; amd. Sec. 1, Ch. 455, L. 1987; amd. Sec. 1, Ch. 545, L. 1987; amd. Sec. 1, Ch. 544, L. 1987; amd. Sec. 5, Ch. 611, L. 1987; amd. Sec. 2, Ch. 646, L. 1987; amd. Sec. 2, Ch. 52, L. 1989; amd. Sec. 2, Ch. 578, L. 1989; amd. Sec. 1, Ch. 617, L. 1989; amd. Sec. 2, Ch. 713, L. 1989; amd. Sec. 1, Ch. 71, L. 1991; amd. Sec. 1, Ch. 123, L. 1991; amd. Sec. 1, Ch. 371, L. 1991; amd. Sec. 1, Ch. 467, L. 1991; amd. Sec. 9, Ch. 763, L. 1991; amd. Sec. 1, Ch. 54, L. 1993; amd. Sec. 1, Ch. 80, L. 1993; amd. Sec. 2, Ch. 575, L. 1993; amd. Sec. 1, Ch. 55, L. 1995; amd. Sec. 21, Ch. 255, L. 1995; amd. Sec. 2, Ch. 257, L. 1995; amd. Sec. 40, Ch. 418, L. 1995; amd. Sec. 43, Ch. 546, L. 1995; amd. Sec. 1, Ch. 555, L. 1995; amd. Sec. 2, Ch. 121, L. 1997; amd. Sec. 13, Ch. 473, L. 1997; amd. Sec. 3, Ch. 496, L. 1997; amd. Sec. 13, Ch. 255, L. 1999; amd. Sec. 1, Ch. 438, L. 1999; amd. Sec. 1, Ch. 539, L. 1999; amd. Sec. 3, Ch. 555, L. 1999; amd. Sec. 84, Ch. 584, L. 1999.

#### Compiler's Comments

**1999 Amendments — Composite Section:** (Version effective January 1, 2003) Chapter 285 inserted (1)(dd) exempting personal property intended for rent or lease in ordinary course of business; and made minor changes in style. Amendment effective January 1, 2003.

(Version effective on occurrence of contingency) Inserted (1)(ee) exempting agricultural implements and equipment; inserted (1)(ff) exempting certain mining machinery, fixtures, equipment, tools, and supplies; inserted (1)(gg) exempting certain manufacturing machinery, fixtures, equipment, tools, and supplies; inserted (1)(hh) exempting certain goods and equipment intended for rent or lease; inserted (1)(ii) exempting special mobile equipment; inserted (1)(j) exempting certain furniture, fixtures, and equipment used in commercial establishments; inserted (1)(kk) exempting x-ray and medical and dental equipment; inserted (1)(ll) exempting citizens' band radios and mobile telephones; inserted (1)(mm) exempting radio and television broadcasting and transmitting equipment; inserted (1)(nn) exempting cable television systems; inserted (1)(oo) exempting coal and ore haulers; inserted (1)(pp) exempting theater projectors and sound equipment; and made minor changes in style. Amendment effective on occurrence of contingency.

Chapter 438 at beginning of (1)(e) inserted "subject to subsection (2)", in (2)(a)(i)(A) inserted "offers its charitable goods or services to persons without regard to race, religion, creed, or gender and"; inserted (2)(a)(ii) concerning agricultural property owned by purely public charity; and made minor changes in style. Amendment effective October 1, 1999.

Chapter 539 inserted (1)(r)(ii) exempting space vehicles and business personal property used to design, manufacture, launch, and re-

pair space vehicles from property taxation; and made minor changes in style. Amendment effective October 1, 1999.

Chapter 555 inserted (1)(cc) regarding personal property used by an industrial dairy or milk processor and dairy livestock used by an industrial dairy; inserted definitions of industrial dairy and industrial milk processor; and made minor changes in style. Amendment effective October 1, 1999.

Chapter 584 inserted (1)(z) outlining exemption rates applied to market value of certain residential property; inserted (1)(aa) concerning commercial property; inserted (1)(bb) concerning land; and made minor changes in style. Amendment effective May 10, 1999.

**Applicability:** Section 2, Ch. 438, L. 1999, provided: "[This act] applies to tax periods beginning after December 31, 1999."

Section 2, Ch. 539, L. 1999, provided: "[This act] applies to tax years beginning after December 31, 1999."

Section 4, Ch. 555, L. 1999, provided: "[This act] applies to industrial dairies and industrial milk processors established after June 30, 1999."

**Retroactive Applicability:** Section 175, Ch. 584, L. 1999, provided that this section applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1998.

**Contingent Effective Date:** Section 314(4), Ch. 285, L. 1999, provided: "[Sections 13(1)(aa) through (1)(ll) [15-6-201(1)(aa) through (1)(ll)] and 27(2)] are effective if the tax rate in [section 12], amending 15-6-133, reaches zero."

#### Cross-References

Legislature to enact laws to enhance and develop agriculture, Art. XII, sec. 1, Mont. Const.

Taxation of federal property held under contract of sale, lease, or other interest, Title 15, ch. 24, part 11.

Taxation of state property held under contract of sale, lease, or other interest, Title 15, ch. 24, part 12.

Privilege tax on gainful use of tax-exempt property, 15-24-1204 through 15-24-1206.

Federal sums in lieu of tax, Title 17, ch. 3, part 2.

Exemption of property in certain cities from county library tax, 22-1-313.

Exemption of cemetery association property, 35-20-217.

Motorcycle defined, 61-1-105.

Quadricycle defined, 61-1-133.

Property acquired by municipality for airport purposes exempt, 67-10-406.

15-6-202.

**15-6-202. Freeport merchandise and business inventories exemption.** (1) Freeport merchandise and business inventories are exempt from taxation.

(2) "Freeport merchandise" means those stocks of merchandise manufactured or produced outside this state that are in transit through this state and consigned to a warehouse or other storage facility, public or private, within this state for storage in transit prior to shipment to a final destination outside the state and that have acquired a taxable situs within the state.

(3) Stocks of merchandise do not lose their status as freeport merchandise because while in the storage facility they are assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled, or repackaged.

(4) Any person or other group seeking to qualify its property for inclusion in the freeport merchandise class shall make application to the department of revenue in the manner or form as may be required by the department.

(5) "Business inventories" includes goods primarily intended for sale and not for lease in the ordinary course of business and raw materials and work in progress with respect to those goods. Business inventories do not include goods that are leased or rented.

**History:** En. Sec. 2, p. 73, L. 1991; re-en. Sec. 3671, Pol. C. 1995; re-en. Sec. 2499, Rev. C. 1997; amd. Sec. 1, Ch. 97, L. 1911; amd. Sec. 1, Ch. 24, L. 1919; re-en. Sec. 1998, R.C.M. 1921; Cal. Pol. C. Secs. 3607 and 3611; amd. Sec. 1, Ch. 85, L. 1931; re-en. Sec. 1998, R.C.M. 1935; amd. Sec. 1, Ch. 85, L. 1995; amd. Sec. 1, Ch. 208, L. 1973; amd. Sec. 1, Ch. 261, L. 1973; amd. Sec. 1, Ch. 376, L. 1974; Clarified Sec. 1, Ch. 8, L. 1975; amd. Sec. 1, Ch. 235, L. 1975; amd. Sec. 1, Ch. 241, L. 1975; amd. Sec. 1, Ch. 441, L. 1975; amd. Sec. 2, Ch. 507, L. 1975; amd. Sec. 7, Ch. 548, L. 1975; amd. Sec. 2, Ch. 52, L. 1977; amd. Sec. 1, Ch. 87, L. 1977; amd. Sec. 2, Ch. 112, L. 1977; amd. Sec. 2, Ch. 126, L. 1977; amd. Sec. 2, Ch. 203, L. 1977; amd. Sec. 1, Ch. 413, L. 1977; amd. Sec. 1, Ch. 483, L. 1977; amd. Sec. 2, Ch. 578, L. 1977; R.C.M. 1947, 84-303(4); amd. Sec. 2, Ch. 613, L. 1981; amd. Sec. 1, Ch. 590, L. 1983; amd. Sec. 1, Ch. 97, L. 1995.

**15-6-203. Veterans' clubhouse exemption — incompetent veterans' trusts.** (1) A clubhouse or building erected by or belonging to any society or organization of honorably discharged United States military personnel that is used primarily for educational, fraternal, benevolent, or purely public charitable purposes rather than for gain or profit, together with the personal property necessarily used in the building, is exempt from taxation. The exempt

Property acquired by airport authority for airport purposes exempt, 67-11-306.

State land equalization payments, Title 77, ch. 1, part 5.

Land purchased from state or irrigation district subject to taxation, 77-2-313.

Reversion of land purchased from state exempt, 77-2-314.

Exemption for irrigation district property, 85-7-2011.

Yellowstone River Compact does not subject United States property to taxation, 85-20-101.

Payments in lieu of taxes to county for land owned by Department of Fish, Wildlife, and Parks, 87-1-603.

Certain industrial development projects not exempt, 90-5-110.

endorsed In-  
representative.  
d by division  
ode; and, In  
ners of the  
manufactured  
of the Re-  
eal property  
ted. If the  
ided for in  
vised Code  
pter 322. of  
ription shall  
In the case  
in whole or  
erefor, paid  
ufactured or  
e, including  
en thereon.

contract is  
t to a third  
least twelve  
ue" means  
the contract  
ement shall  
ract prior to  
ift in whole  
e real estate  
in the deed  
pen market  
market con-  
nd a willing  
al with pre-  
all willfully

ance on its  
nce fee and  
shall retain  
forward to  
all be noted  
perty, and  
ee's repre-

tration and  
quired by  
ised Code,  
lgate rules  
e levy and

11 (EFF 3-10-  
69); 136 v H  
v H 895 (EFF  
EFF 3-19-93);

neral du-  
; number-

in permit or

**[§ 319.28.1] § 319.281** Lien for unpaid household sewage disposal system permit or inspection fee.

The county auditor shall place on the general tax list and duplicate compiled in accordance with section 319.28 of the Revised Code the amount certified by the health commissioner of a city or general health district pursuant to section 3709.091 [3709.09.1] of the Revised Code of any unpaid operation permit or inspection fee for a household sewage disposal system and any accrued late payment penalties, together with any fee charged by the county auditor for placing the amount on the general tax list and duplicate and for the expenses of its collection. The amount placed on the general tax list and duplicate shall be a lien on the real property on which the household sewage disposal system is located from the date the amount was placed on the tax list and duplicate, and shall be charged and collected in the same manner as taxes on the list.

HISTORY: 147 v H 244. EFF 9-30-98.

**Cross-References to Related Sections**

Lien for unpaid household sewage disposal system permit or inspection fee, RC § 3709.09.1.

**[§ 319.30.2] § 319.302** Auditor to reduce remaining taxes by ten per cent.

After complying with section 319.301 [319.30.1] of the Revised Code, the county auditor shall reduce the remaining sums to be levied against each parcel of real property listed on the general tax list and duplicate of real and public utility property for the current tax year, and against each manufactured and mobile home that is taxed pursuant to division (D)(2) of section 4503.06 of the Revised Code and that is on the manufactured home tax list for the current tax year, by ten per cent. Except as otherwise provided in sections 323.152 [323.15.2], 323.158 [323.15.8], 505.06, and 715.263 [715.26.3] of the Revised Code, the amount of the taxes remaining after such reduction shall be the real and public utility property taxes charged and payable, and the manufactured home tax charged and payable, on each property and shall be the amounts certified to the county treasurer for collection. Upon receipt of the tax duplicate, the treasurer shall certify to the tax commissioner the total amount by which such taxes were reduced under this section, as shown on the duplicate. Such reduction shall not directly or indirectly affect the determination of the principal amount of notes that may be issued in anticipation of any tax levies or the amount of bonds or notes for any planned improvements. If after application of sections 5705.31 and 5705.32 of the Revised Code and other applicable provisions of law, including division (F) of section 321.24 of the Revised Code, there would be insufficient funds for payment of debt charges on bonds or notes payable from taxes reduced by this section, the reduction of

taxes provided for in this section shall be adjusted to the extent necessary to provide funds from such taxes.

HISTORY: 138 v H 149 (EFF 12-16-97); 141 v H 801 (EFF 7-1-85); 146 v H 483 (EFF 8-3-96); 148 v H 511 (EFF 9-10-98); 147 v S 143. EFF 3-30-99.

See provisions, § 3 of SB 142 (147 v —) following RC § 305.31.

**Cross-References to Related Sections**

Tax on manufactured or mobile home, RC § 4503.06.

**§ 319.36** Taxes erroneously charged or collected; refunds; interest.

**Cross-References to Related Sections**

Tax on manufactured or mobile home, RC § 4503.06.

**§ 319.54** Fees; payments to real estate assessment fund; real property or manufactured or mobile home transfer fee.

(A) On all moneys collected by the county treasurer on any tax duplicate of the county, other than estate tax duplicates, and on all moneys received as advance payments of personal property and classified property taxes, the county auditor, on settlement with the treasurer and tax commissioner, on or before the date prescribed by law for such settlement or any lawful extension of such date, shall be allowed as compensation for the county auditor's services the following percentages:

(1) On the first one hundred thousand dollars, two and one-half per cent;

(2) On the next two million dollars, eight thousand three hundred eighteen ten-thousandths of one per cent;

(3) On the next two million dollars, six thousand six hundred fifty-five ten-thousandths of one per cent;

(4) On all further sums, one thousand six hundred sixty-three ten-thousandths of one per cent.

If any settlement is not made on or before the date prescribed by law for such settlement or any lawful extension of such date, the aggregate compensation allowed to the auditor shall be reduced one per cent for each day such settlement is delayed after the prescribed date. No penalty shall apply if the auditor and treasurer grant all requests for advances up to ninety per cent of the settlement pursuant to section 321.34 of the Revised Code. The compensation allowed in accordance with this section on settlements made before the dates prescribed by law, or the reduced compensation allowed in accordance with this section on settlements made after the date prescribed by law or any lawful extension of such date, shall be apportioned ratably by the auditor and deducted from the shares or portions of the revenue payable to the state as well as to the county, townships, municipal corporations, and school districts.

(B) From all moneys collected by the county trea-

5-6  
*[Handwritten initials]*

The provisions of § 3(A) of SB 6 (148 v —) read as follows:

SECTION 3. (A)(1) Except as otherwise provided in division (A)(2) of this section, the amendments made by this act to division (C) of section 323.151 and division (A) of section 323.152 of the Revised Code first apply to tax year 1999. A person whose homestead first becomes eligible for the reduction in taxable value or is entitled to an increased reduction for tax year 1999 because of the amendments made to either of those divisions may apply for the reduction or increase therein for that year not later than 90 days after the effective date of this section, notwithstanding filing requirements to the contrary under division (A)(3) of section 323.153 of the Revised Code.

(2) Notwithstanding division (A)(3) of section 323.152 of the Revised Code, as amended by this act, the adjustment to the dollar amount by which taxable value is reduced under that division shall be made first in calendar year 2001 and thereafter. The reduction resulting from that adjustment first applies to tax years 2002 and thereafter.

**[§ 323.15.2] § 323.152 Schedule of reduction in taxable value.**

In addition to the reduction in taxes required under section 319.302 [319.30.2] of the Revised Code, taxes shall be reduced as provided in divisions (A) and (B) of this section.

(A)(1) Division (A) of this section applies to any of the following:

- (a) A person who is permanently and totally disabled;
- (b) A person who is sixty-five years of age or older;
- (c) A person who is the surviving spouse of a deceased person who was permanently and totally disabled or sixty-five years of age or older and who applied and qualified for a reduction in taxes under this division in the year of death, provided the surviving spouse is at least fifty-nine but not sixty-five or more years of age on the date the deceased spouse dies.

(2) Real property taxes on a homestead owned and occupied by a person to whom division (A) of this section applies shall be further reduced for each year for which the owner obtains a certificate of reduction from the county auditor under section 323.154 [323.15.4] of the Revised Code. The reduction shall equal the amount obtained by multiplying the tax rate for the tax year for which the certificate is issued by the reduction in taxable value shown in the following schedule:

Total Income	Reduce Taxable Value by the Lesser of:
\$11,900 or less	\$5,000 or seventy-five per cent
More than \$11,900 but not more than \$17,500	\$3,000 or sixty per cent
More than \$17,500 but not more than \$23,000	\$1,000 or twenty-five per cent
More than \$23,000	-0-

(3) Each calendar year beginning in 1999, the tax commissioner shall adjust the foregoing schedule by completing the following steps:

(a) Determine the percentage increase in the gross domestic product deflator determined by the bureau of economic analysis of the United States department of commerce from the first day of July of the preceding calendar year to the last day of June of the current calendar year;

(b) Multiply that percentage increase by each of the total income amounts, and by each dollar amount by which taxable value is reduced, for the current tax year;

(c) Add the resulting product to each of the total income amounts, and to each of the dollar amounts by which taxable value is reduced, for the current tax year;

(d) Round the resulting sum to the nearest multiple of one hundred dollars.

The commissioner shall certify the amounts resulting from the adjustment to each county auditor not later than the first day of December each year. The certified amounts apply to the following tax year. The commissioner shall not make the adjustment in any calendar year in which the amounts resulting from the adjustment would be less than the total income amounts, or less than the dollar amounts by which taxable value is reduced, for the current tax year.

(B) Real property taxes on any homestead, and manufactured home taxes on any manufactured or mobile home on which a manufactured home tax is assessed pursuant to division (D)(2) of section 4503.06 of the Revised Code, shall be reduced for each year for which the owner obtains a certificate of reduction from the county auditor under section 323.154 [323.15.4] of the Revised Code. The amount of the reduction shall equal one-fourth of the amount by which the taxes charged and payable on the homestead or the manufactured or mobile home are reduced for such year under section 319.302 [319.30.2] of the Revised Code.

(C) The reductions granted by this section do not apply to special assessments or respread of assessments levied against the homestead, and if there is a transfer of ownership subsequent to the filing of an application for a reduction in taxes, such reductions are not forfeited for such year by virtue of such transfer.

(D) The reductions in taxable value referred to in this section shall be applied solely as a factor for the purpose of computing the reduction of taxes under this section and shall not affect the total value of property in any subdivision or taxing district as listed and assessed for taxation on the tax lists and duplicates, or any direct or indirect limitations on indebtedness of a subdivision or taxing district. If after application of sections 5705.31 and 5705.32 of the Revised Code, including the allocation of all levies within the ten-mill limitation to debt charges to the extent therein provided, there would be insufficient funds for payment of debt charges not provided for by levies in excess of the ten-mill limitation, the reduction of taxes provided for in sections 323.151 [323.15.1] to 323.157 [323.15.7] of the Revised Code, shall be proportionately adjusted to the extent necessary

b  
 l  
 o  
 d  
 R  
 c  
 72  
 11  
 11  
 H  
 (E)  
 99  
 32  
 Co  
 Lo  
 Tax  
 |  
 for  
 C  
 divi  
 Rev  
 divi  
 Cor  
 audi  
 is lo  
 (1  
 cal  
 sign  
 base  
 by a  
 licen  
 that  
 The  
 sione  
 man  
 323.1  
 for re  
 nent  
 funct  
 by a  
 consti  
 taxes  
 cant's  
 taxabl  
 exceed  
 to whic  
 the ap  
 (2) 7  
 sion (1  
 Code s  
 tured

to provide such funds from levies within the ten-mill limitation.

(E) No reduction shall be made on the taxes due on the homestead of any person convicted of violating division (C) or (D) of section 323.153 [323.15.3] of the Revised Code for a period of three years following the conviction.

**HISTORY:** 134 v H 478 (EFF 11-20-71); 134 v S 535 (EFF 6-30-78); 135 v H 86 (EFF 6-20-73); 135 v S 247 (EFF 7-17-73); 135 v H 1064 (EFF 7-26-74); 136 v H 23 (EFF 5-1-78); 136 v S 24 (EFF 11-7-75); 138 v S 6 (EFF 6-7-79); 138 v H 804 (EFF 1-1-80); 138 v H 1238 (EFF 12-10-80); 141 v H 182 (EFF 3-13-87); 144 v H 66 (EFF 7-11-91); 146 v H 117 (EFF 6-30-95); 147 v S 142 (EFF 3-30-99); 148 v S 6 (EFF 2-12-99).

See provisions, § 3(A) of SB 6 (148 v —), following RC § 323.15.1.

#### Cross-References to Related Sections

Lower rate for owners receiving homestead exemption, RC § 322.07.

Tax on manufactured or mobile home, RC § 4503.06.

### [§ 323.15.3] § 323.153 Application for reduction.

(A) To obtain a reduction in real property taxes under division (A) or (B) of section 323.152 [323.15.2] of the Revised Code or in manufactured home taxes under division (B) of section 323.152 [323.15.2] of the Revised Code, the owner shall file an application with the county auditor of the county in which the owner's homestead is located.

(1) An application for reduction based upon a physical disability shall be accompanied by a certificate signed by a physician, and an application for reduction based upon a mental disability shall be accompanied by a certificate signed by a physician or psychologist licensed to practice in this state, attesting to the fact that the applicant is permanently and totally disabled. The certificate shall be in a form that the tax commissioner requires and shall include the definition of permanently and totally disabled as set forth in section 323.151 [323.15.1] of the Revised Code. An application for reduction based upon a disability certified as permanent and total by a state or federal agency having the function of so classifying persons shall be accompanied by a certificate from that agency. Such an application constitutes a continuing application for a reduction in taxes for each year in which the dwelling is the applicant's homestead and the amount of the reduction in taxable value to which the applicant is entitled does not exceed either the amount or percentage of the reduction to which the applicant was entitled for the year in which the application was first filed.

(2) An application for a reduction in taxes under division (B) of section 323.152 [323.15.2] of the Revised Code shall be filed only if the homestead or manufactured or mobile home was transferred in the preceding

year or did not qualify for and receive the reduction in taxes under that division for the preceding tax year. The application for homesteads transferred in the preceding year shall be incorporated into any form used by the county auditor to administer the tax law in respect to the conveyance of real property pursuant to section 319.20 of the Revised Code, and shall contain a statement that failure by the applicant to affirm on the application that the dwelling on the property conveyed is the applicant's homestead prohibits the owner from receiving the reduction in taxes until a proper application is filed within the period prescribed by division (A)(3) of this section. Such an application constitutes a continuing application for a reduction in taxes for each year in which the dwelling is the applicant's homestead.

(3) Failure to receive a new application filed under division (A)(1) or (2) or notification under division (C) of this section after a certificate of reduction has been issued under section 323.154 [323.15.4] of the Revised Code is prima-facie evidence that the original applicant is entitled to the reduction in taxes calculated on the basis of the information contained in the original application. The original application and any subsequent application, including any late application, shall be in the form of a signed statement and shall be filed after the first Monday in January and not later than the first Monday in June. The original application and any subsequent application for a reduction in real property taxes shall be filed in the year for which the reduction is sought. The original application and any subsequent application for a reduction in manufactured home taxes shall be filed in the year preceding the year for which the reduction is sought. The statement shall be on a form, devised and supplied by the tax commissioner, which shall require no more information than is necessary to establish the applicant's eligibility for the reduction in taxes and the amount of the reduction, and shall include an affirmation by the applicant that ownership of the homestead was not acquired from a person, other than a the applicant's spouse, related to the owner by consanguinity or affinity for the purpose of qualifying for the real property or manufactured home tax reduction provided for in division (A) or (B) of section 323.152 [323.15.2] of the Revised Code. The form shall contain a statement that conviction of willfully falsifying information to obtain a reduction in taxes or failing to comply with division (C) of this section results in the revocation of the right to the reduction for a period of three years. In the case of an application for a reduction in taxes under division (A) of section 323.152 [323.15.2] of the Revised Code, the form shall contain a statement that signing the application constitutes a delegation of authority by the applicant to the county auditor to examine any financial records relating to income earned by the applicant as stated on the application for the purpose of determining a possible violation of division (D) or (E) of this section.

(1) A late application for a tax reduction for the year

- A. impositions or levies or taxes on specific classes of property authorized by laws outside of the Property Tax Code (Articles 35 to 38 of Chapter 7 NMSA 1978); and
- B. special benefit assessments authorized by laws outside of the Property Tax Code.

History: 1953 Comp., § 72-30-1, enacted by Laws 1973, ch. 258, § 34; 1968, ch. 32, § 7.

Cross references. — For elderly homeowners' maximum property tax liability and income tax credit or refund for excess, see 7-2-18 NMSA 1978. For exclusive ad valorem taxes on interests in oil, natural gas or liquid hydrocarbon production wells, see 7-32-5, 7-34-5 NMSA 1978.

Law reviews. — For comment, "Coal Taxation in the Western States: The Need for a Regional Tax Policy," see 16 Nat. Resources J. 415 (1976).

Am. Jur. 2d, A.L.R. and C.J.S. references. — What are educational institutions or schools within state property tax exemption provisions, 34 A.L.R.4th 698.

### 7-37-2. Imposition of the tax.

A tax is imposed upon all property subject to valuation for property taxation purposes under Article 36 of Chapter 7 NMSA 1978. The tax shall be imposed at the rates authorized and in the manner and for the purposes specified in this article.

History: 1953 Comp., § 72-30-2, enacted by Laws 1973, ch. 258, § 35; 1982, ch. 28, § 8.

### 7-37-3. Tax ratio established.

The tax ratio is thirty-three and one-third percent.

History: 1953 Comp., § 72-30-3, enacted by Laws 1973, ch. 258, § 36.

### 7-37-4. Head-of-family exemption.

A. Up to two thousand dollars (\$2,000) of the taxable value of residential property subject to the tax is exempt from the imposition of the tax if the property is owned by the head of a family who is a New Mexico resident or if the property is held in a grantor trust established under Sections 671 through 677 of the Internal Revenue Code, as those sections may be amended or renumbered, by a head of a family who is a New Mexico resident. The exemption allowed shall be in the following amounts for the specified property tax years:

- (1) for the property tax years 1989 and 1990, the exemption shall be eight hundred dollars (\$800);
- (2) for the property tax years 1991 and 1992, the exemption shall be one thousand four hundred dollars (\$1,400); and
- (3) for the 1993 and subsequent tax years, the exemption shall be two thousand dollars (\$2,000).

B. The exemption shall be deducted from taxable value of property to determine net taxable value of property.

C. The head-of-family exemption shall be applied only if claimed and allowed in accordance with Section 7-38-17 NMSA 1978 and regulations of the department.

D. As used in this section, "head of a family" means an individual New Mexico resident who is either:

- (1) a married person, but only one spouse in a household may qualify as a head of a family;
- (2) a widow or a widower;
- (3) a head of household furnishing more than one-half the cost of support of any related person;
- (4) a single person, but only one person in a household may qualify as a head of family; or
- (5) a member of a condominium association or like entity who pays property tax through the association.

E. A head of a family is entitled to the exemption allowed by this section only once in any tax year and may claim the exemption in only one county in any tax year even though the claimant may own property subject to valuation for property taxation purposes in more than one county.

History: 1953 Comp., § 72-30-4, enacted by Laws 1973, ch. 358, § 37; 1983, ch. 219, § 1; 1989, ch. 81, § 1; 1991, ch. 228, § 1; 1993, ch. 343, § 1.

Cross references. — For constitutional provision as to head of family exemption, see N.M. Const., art. VIII, § 5.

The 1989 amendment, effective June 16, 1989, in Subsection A substituted "up to two thousand dollars (\$2,000)" for "Two hundred dollars (\$200)" in the first sentence of the introductory paragraph, added the second sentence of the introductory paragraph, and added Paragraphs (1) and (3); designated the former second sentence of Subsection A as Subsection B;

redesignated former Subsection B as Subsection C, while substituting "department" for "division"; and redesignated former Subsections C and D as Subsections D and E.

The 1991 amendment, effective June 14, 1991, added the language beginning "or if the property" at the end of the first sentence in Subsection A.

The 1993 amendment, effective June 18, 1993, added Paragraph (5) of Subsection D.

Internal Revenue Code. — Sections 671 to 677 of the Internal Revenue Code, referred to in Subsection A, appear as 26 U.S.C. §§ 671 to 677.

### 7-37-5. Veteran exemption.

A. Two thousand dollars (\$2,000) of the taxable value of property, including the community or joint property of husband and wife, subject to the tax is exempt from the imposition of the tax if the property is owned by a veteran or the veteran's unmarried surviving spouse if the veteran or surviving spouse is a New Mexico resident or if the property is held in a grantor trust established under Sections 671 through 677 of the Internal Revenue Code, as those sections may be amended or renumbered, by a veteran or the veteran's unmarried surviving spouse if the veteran or surviving spouse is a New Mexico resident. The exemption shall be deducted from taxable value of property to determine net taxable value of property.

B. The veteran exemption shall be applied only if claimed and allowed in accordance with Section 7-38-17 NMSA 1978 and regulations of the department.

C. As used in this section, "veteran" means an individual who:

(1) has been honorably discharged from membership in the armed forces of the United States;

(2) served in the armed forces of the United States on active duty continuously for ninety days, any part of which occurred during a period specified in Paragraph (3) of this subsection; and

(3) served in the armed forces of the United States during one or more of the following periods of armed conflict under orders of the president:

(a) any armed conflict prior to World War I;

(b) World War I which, for the purposes of this section, is defined as the period April 6, 1917 through April 1, 1920;

(c) World War II which, for the purposes of this section, is defined as the period December 7, 1941 through December 31, 1946;

(d) the Korean conflict which, for the purposes of this section, is defined as the period June 27, 1950 through January 31, 1955;

(e) the Vietnam conflict which, for the purposes of this section, is defined as the period August 5, 1964 through May 7, 1975; or

(f) the Persian gulf conflict which, for the purposes of this section, is defined as the period August 2, 1990 through the date upon which the president of the United States or a competent military authority declares the conflict to be ended, but in no case earlier than July 1, 1992.

D. For the purposes of Subsection C of this section, a person who would otherwise be entitled to status as a veteran except for failure to have served in the armed forces continuously for ninety days is considered to have met that qualification if he served during

# Property Tax Deferrals

## for Senior Citizens and Disabled Persons

If you are a senior citizen or if you are disabled, Washington has two programs that may help you to pay your property taxes and/or special assessments. Your household income and your age or disability determine your eligibility for both programs.

This publication provides a basic description of the property tax deferral program for senior citizens and persons with disabilities. See fact sheet titled *Property Tax Exemptions for Senior Citizens and Disabled Persons* for more information on the exemption program. This fact sheet is current at the time of publication, however, future law changes may make some of this information incorrect. This material is intended for general information purposes; it does not alter or supersede any administrative regulations or rulings issued by the Department of Revenue.

The Senior Citizens and Disabled Persons Property Tax and Special Assessment Deferral Program postpones payment of your property taxes. Unlike the exemption program, this program is not a reduction of your taxes. The Department of Revenue pays the property taxes and special assessments on your behalf.

A special assessment is for a local improvement that directly benefits your property. Examples include assessments for sewers, lights, water, paving, or curbing. Special assessments are also known as Local Improvement Districts (LIDs) or Utility Local Improvement Districts (ULIDs).

The amount of the postponed taxes and/or special assessments, plus eight percent interest, becomes a lien in favor of the state until the total amount is repaid (see **Repayment of Deferred Amounts** section). The lien, filed with the county auditor, shows the state of Washington as having an interest in your property.

### Eligibility Requirements

#### Age or Disability

You must be at least 60 years old on December 31 of the year in which you apply, or you must be unable to work because of a disability. Your application must include proof of your age or disability.

#### Household Income

Your annual household income may not exceed \$40,000. If your household income is less than \$35,000, you should apply for the exemption program before making an application for the deferral.

**Household income** includes your disposable income, that of your spouse, and any co-tenants. A co-tenant is a person living in your home who also has an ownership interest. Household income does not include:

the income of a person, other than a spouse, who does not have ownership interest and lives in your home. However, the application must show any income the person contributes to the household.

the income of the person who has ownership interest and lives elsewhere. However, if someone living elsewhere has ownership interest, the amount of your deferral will be based on the percentage of YOUR interest in the property.

### Ownership

The deferral is available for your principal home and up to five acres of land. Mobile homes may qualify as your residence, even if you do not own the land where the mobile home is located.

The property must be your principal home at the time you apply for the deferral. You must occupy the home for at least six months each year.

Your residence may qualify even if you are temporarily in a hospital, nursing home, or boarding home licensed under RCW 18.20.030 or adult family home licensed under RCW 20.128.050. You may rent your residence to someone else during your hospital, nursing home, boarding home, or adult family home stay, if the income is used to pay the hospital, nursing home, boarding home, or adult family home costs.

Property used as a vacation home is not eligible for this deferral program.

You must own the property in total (fee owner) or under a contract purchase.

The lien holder or beneficiary must co-sign the application for deferral if all of the following occurs:

The property is under mortgage, purchase contract, or a deed of trust.

The mortgage or purchase contract requires a reserve account for the payment of taxes.

The lien holder or beneficiary wants their lien to have priority over the deferred tax lien.

**You are NOT eligible to defer your taxes if you have a:**

life estate.

lease for life.

share ownership in a cooperative housing unit.

### Insurance

You need to keep in force a fire and casualty insurance policy in an amount large enough to protect the interest of the state of Washington. The insurance policy must show the state of Washington as a loss payee. You must provide the Department of Revenue with a copy of the policy within 60 days of application.

If you do not carry a fire and casualty insurance policy, you may only defer property taxes and special assessments based on the amount of your equity in the land only.

### Amount Eligible for Deferral

The amount of equity you have in your home determines the amount of property taxes and/or special assessments eligible for deferral. Equity is the difference between the assessed value of the property and debts secured by the property. You must provide current balances for all debts that are secured by the property.

Providing you meet all qualifications and maintain adequate fire and casualty insurance, you may defer taxes and special assessments in an amount up to 80 percent of your equity. If you meet the qualifications, but do not maintain adequate insurance, you may only defer an amount equal to that of the equity you have in the land.

## Computing Disposable Income\*

The maximum amount of annual income you may receive to qualify for the deferral is \$40,000. The disposable income you receive determines your eligibility. Disposable income includes all sources, whether or not they are taxable for federal income tax purposes. Losses and depreciation may not be deducted. Some of the most common sources of income include:

Wages, salaries, and tips.

Social Security benefits.

Railroad retirement benefits.

Pension and annuity receipts, including retirement bonds, Individual Retirement Accounts, and distributions from Keogh plans. An annuity is a payment of a fixed sum of money received at regular intervals. Some examples of annuity payments include unemployment compensation, disability payments, and welfare receipts (excluding amounts received for the care of dependent children).

Interest and dividend receipts.

Business income. Depreciation and business losses may not be deducted.

Rental income. Depreciation and rental losses may not be deducted.

Capital gains.

If you were retired for two or more months during the application year, your household income will be computed by multiplying the average monthly disposable income received during the months you were retired by 12. If your spouse died before November 1 of the application year, your household income is computed by multiplying the average monthly disposable income, after the death, by 12.

## Deductions from Disposable Income

When you compute your disposable income, you may take deductions for the following:

Capital gains you receive from the sale of your principal residence, **IF** the gain is reinvested in a replacement principal residence.

Non-reimbursed amounts you pay for your spouse or yourself to live in a nursing home, boarding home, or adult family home.

Insurance premiums for Medicare under Title XVIII of the Social Security Act.

Non-reimbursed amounts paid for prescription drugs for yourself or your spouse.

Non-reimbursed amounts you pay for goods and services that allow you or your spouse to receive in-home care. The care received must be similar to the care provided by a nursing home.

In-home care including medical treatment, physical therapy, Meals on Wheels (or similar meal delivery service), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications, or areas of personal hygiene.

Special furniture and equipment, such as wheelchairs, hospital beds, and oxygen.

## How to Apply

Your county assessor administers this program. Applications are available from that office.

## Filing Period

You should apply with the county assessor at least 30 days before payment of the property taxes and/or special assessments are due.

If you apply late, the county or city treasurer will assess late penalties and interest. Late penalties and interest will increase the amount of the lien filed by the state. If you are applying to stop the county treasurer from foreclosing for unpaid taxes, you must apply within 30 days of receiving the foreclosure notice.

### Annual Application

You must apply each year you want to defer the taxes.

### Signing the Application

You, your agent, or your legal guardian must sign the application. If the contract purchase agreement, deed of trust, or mortgage requires a reserve account for the payment of property taxes, the lien holder's notarized signature must also be on the application if the lien holder or beneficiary wants their lien to have priority over the deferred tax lien.

### Appeal Process

The county assessor must notify you if your application is denied. You may appeal the assessor's decision to the County Board of Equalization. The County Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial notice was mailed, whichever date is later.

### Repayment of Deferred Amounts

The deferred amount and interest must be repaid when one of the following occurs:

The property is transferred or conveyed to someone else.

You pass away, unless your spouse files an application with the county assessor within 90 days of your death.

You no longer permanently reside at the residence.

Fire and casualty insurance is not kept in an amount sufficient to protect the interest of the state and the deferred amount exceeds 100 percent of the equity in the land value.

The deferred amount, plus interest, exceeds 80 percent of the equity in the insured value of the residence, plus the land value.

### For More Information

If you have any questions regarding the property tax deferral for senior citizens or disabled persons, contact your local county assessor's office at the telephone number listed in the blue pages of your telephone book.

#### Or you may contact:

State of Washington  
Department of Revenue  
Property Tax Division  
Post Office Box 47471  
Olympia, Washington 98504-7471  
FAX: (360) 586-7602  
Telephone: (360) 570-5867

### Laws and Rules

Revised Code of Washington (RCW) Chapter 84.38—Deferral of Special Assessments and/or Property Taxes

Washington Administrative Code (WAC) Chapter 458-18—Property Tax - Abatements, Credits, Deferrals, and Refunds

The Department of Revenue will provide copies of specific laws and rules, upon request. Please call our Telephone Information Center at 1-800-647-7706 for this service.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users, please call 1-800-451-7985.



Prepared by Taxpayer Services Division  
Printed on Recycled Paper  
FS0017LP 2/05

Search [Forms and Instructions](#)[Publications](#)[e-Services](#)[About Us](#)[Contact Us](#)[Property tax](#) > [Publications](#) > [Fact sheets](#)**Tax Information**[Individual income tax](#)[Sales and Use tax](#)[Withholding tax](#)[Corporation franchise tax](#)[Property tax](#)[See all tax types](#)**Quick Start for:**[Individual taxpayers](#)[Business taxpayers](#)[Tax preparers](#)[Property tax administrators](#)[Software developers](#)[Legal and research info](#)[Taxpayer rights info](#)**Collection Division****Senior Citizen Property Tax Deferral****Property Tax Fact Sheet 3**

The Senior Citizen Property Tax Deferral Program was established to help senior citizens who were having difficulty paying their property taxes. This deferral program has two primary advantages for senior citizens.

- It limits the maximum amount of property tax you pay to three percent of your total household income, and
- It provides predictability. The amount of tax you pay will not change for as long as you participate in this program.

**What is it?**

The Senior Citizens Property Tax Deferral program allows people 65 years of age or older, whose household incomes are \$60,000 or less, to defer a portion their property tax on their home.

**How does it work?**

**This is not a tax forgiveness program – it is a low interest loan from the state.** The deferred tax is paid by the state to your county. Interest will be charged on this loan. The interest rate will be adjusted annually, but will never exceed five percent. **A lien will attach to your property.**

The amount of tax you pay is determined the year you enter the program. Your annual income for the year preceding the year you enter the program serves as the basis for how much you will pay.

**Example:** Let's assume your household income was \$15,000 the year before you entered the program; three percent of that amount is \$450. The maximum annual property tax you would be responsible for paying would be \$450 for each year you participated in the program. If your property tax for the year was \$1,400 you would pay \$450 and the \$1,000 remaining would be deferred. If your total property tax ever fell below your maximum tax amount, you would pay the less amount.

As part of your initial application, you will need to provide – at your expense – one of the following reports detailing any mortgages, liens, judgments or unpaid property taxes on your property. The report must be dated within 30 days of your application. Depending on the type of property you own, your report will be one of the following:

If you have "Abstract" property, a licensed abstracter must prepare a report showing the last deed recorded and any unrecorded liens or judgments. Such a report is also called an "Owners and Encumbrances" report. These reports cost approximately \$50.

If you have "Torrens" property, you will need to obtain a copy of the "Original Certificate of Title," sometimes called a "Condition of Register," from the county recorder. This certificate costs \$10.

If you are unsure what type of property you have, contact your county recorder.

**What about my refunds or rebates?**

When you apply for property tax refunds or rebates based on the qualifying amount on your property tax statement, you will not receive the refunds or rebates as cash payments. They will be applied to your deferred property tax total.

Your Minnesota income tax refunds, political contribution refunds or lottery winnings of any type will also be applied to your deferred property tax.

**What if my income changes?**

Once enrolled in the program you will not need to reapply. However, if your income goes above \$60,000 in a calendar year, it is your responsibility to notify the Department of Revenue, in writing. You will not be allowed to defer any further taxes until your income again falls below \$60,000. If this happens, it will be your responsibility to reapply for deferral. Stopping deferral because of excess income is not the same thing as being terminated from the program.

If you fail to notify the state of excess income, penalties will apply.

**Who may be eligible?**

In order to qualify for this program, all of the following conditions must be met:

- The property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both must be at least 65 when the first deferral is granted. (The homestead can be classified as residential or agricultural, or it may be part of a multi-unit building.)
- The total household income may not exceed \$60,000 for the calendar year preceding the year of initial application.
- The home must have been owned and occupied as the homestead of at least one of the homeowners for at least 15 years prior to the year of initial application.
- There can be no state or federal tax liens or judgment liens on the property.
- The total of unpaid debts secured by mortgages and other liens against the property cannot exceed 75 percent of the assessors estimated market value of the property.

**How do I apply?**

Applications are available in your county auditor's office. Applications must be made by July 1 to defer a portion of the following year's tax. You may apply in the year in which you become 65 years old, but no deferral will be allowed until the following year.

To apply, you will need Form CR-SCD. This document is in PDF file format. First-time users will need the free [Adobe Acrobat Reader](#) to print the form.

**What else should I know?**

If you meet the requirements of this program, the state will file a notice of lien with your county. If there are fees associated with this filing, they will be added to your deferred tax.

Deferral of taxes will terminate when any one of the following occurs:

- The property is sold or transferred.

- All qualifying homeowners die.
- The homeowner notifies the Commissioner of Revenue, in writing, that he/she wishes to discontinue the program.
- The property no longer qualifies as a homestead.

Upon termination of the deferral, the deferred property taxes, any special assessments that may have been deferred, penalties plus any recording or filing fees will become due and payable to the state. If the property is sold or the homeowner dies, payment is due within 90 days of termination. If the homeowner voluntarily leaves the program or the property ceases to qualify as a homestead, the total deferred amount will become due within one year of termination. No additional interest will be due if timely paid. If the deferral is not timely paid, penalty, interest, lien, forfeiture and other rules for the collection of property tax will apply.

**What if I have questions?**

This is only a summary of the Senior Citizens Property Tax Deferral program. For more information, or for answers to specific questions, call the Property Tax Division of the Minnesota Department of Revenue at: (651) 556-6088.

A printer-friendly version of this fact sheet is available. To apply, you will need Form CR-SCD. These documents are in PDF file format. First time users will need the free [Acobe Acrobat Reader](#) to print these documents.



[Forms and Instructions](#) | [Publications](#) | [e-Services](#) | [At Home](#) | [Links](#) | [NorthStar](#) | [Press Releases](#) | [Español](#) | [Other La](#)

Minnesota Department of Revenue | [Site privacy & security](#)



February 3, 2006

The Honorable Bert Stedman, Chair  
Senate Community and Regional Affairs Committee  
Alaska State Capitol, Room 30  
Juneau, AK 99801-1182

RE: SB 193 (Bunde)—Support

Dear Chair Stedman:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the Senate Community and Regional Affairs Committee to support SB 193, authored by Senator Con Bunde.

As you know from talking to your constituents, the property tax is the single most burdensome tax for many low and moderate income citizens, especially older homeowners.

Twenty-four states and the District of Columbia offer property tax deferrals, often for those whose incomes are too low to afford payment, in exchange for some arrangement for the deferred taxes to be paid upon some event, eg., the sale of the residence or the owner's death.

SB 193 would allow Alaskans who fit income and length of residency requirement to qualify for property tax deferral, should their municipality pass an enabling ordinance to allow it.

We understand Senator Bunde's intent in not allowing the municipality to impose interest on deferred taxes but, from a policy standpoint, AARP believes interest should be charged on the deferrals, at a nominal rate that is tied to some other real rate in the economy so it is not fixed at one rate permanently. Allowing reasonable interest may also make tax deferrals more attractive to elected municipal officials who will be considering local ordinances.

Using the federal poverty level (FPL) to determine eligibility may eliminate many moderate income older Alaskans who still find the taxes difficult to pay. One option might be allowing municipalities to set their own income guidelines with the FPL as a minimum. Another might be to use the income guidelines already accepted by the Legislature for SeniorCare and have the eligibility set at 175% of the FPL. We do have many older Alaskans who find themselves "house rich and income poor" and a more

flexible income limit would be acceptable to them. We understand that SB 193, as it currently exists, has no age factor.

No Alaskan should fear losing their home to property taxes. SB 193 goes a long way to assure that.

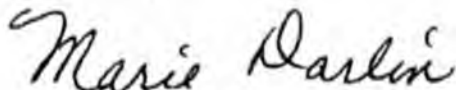
We sincerely appreciate Senator Bunde's leadership in allowing Alaskans to remain in their homes. Without public policy initiatives like SB 193, many Alaskans will find themselves forced to sell their homes and leave our state. We hope you and your colleagues on the Senate Community and Regional Affairs Committee agree.

AARP recommends an "AYE" vote on SB 193.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-5314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator  
AARP Capital City Task Force  
415 Willoughby Avenue, Apt. 506  
Juneau, AK 99801  
586-3637 (voice)  
463-3580 (fax)

CC: Vice-Chair Gary Stevens  
Senator Tom Wagoner  
Senator Johnny Ellis  
Senator Albert Kookesh  
Senator Con Bunde

**CITY OF HOMER  
HOMER, ALASKA**

Mayor

**RESOLUTION 06-05(S)(A)**

**A RESOLUTION OF THE CITY COUNCIL OF HOMER,  
ALASKA URGING THE STATE TO SHARE REVENUE WITH  
ALL ALASKAN COMMUNITIES.**

WHEREAS, Alaska's great wealth is generated by the natural resources of regions, communities and cities throughout the State; and

WHEREAS, Other States share their resources with their communities; and

WHEREAS, It is in the interest of the State of Alaska to share a portion of this natural resource wealth with communities of the State in order to enhance and continue the positive economic growth throughout the Alaska; and

WHEREAS, The State of Alaska currently has over \$32 billion in the Alaska Permanent Fund and a budget surplus exceeding \$1 billion in this fiscal year; and

WHEREAS, The State ceased to fund all revenue sharing programs in 2003; and

WHEREAS, The elimination of revenue sharing had a significant negative effect on the ability of Alaska's cities and boroughs to provide essential service, with communities forced to reduce essential services and/or increase local taxes, fees and economic hardship; and

WHEREAS, Restoration of a revenue sharing program would provide communities with funding to reduce local taxes, build infrastructure, grow the state economy, provide for increased quality of life and in some cases, provide for the survival of small communities; and

NOW, THEREFORE BE IT RESOLVED that the Homer City Council urges the State to share revenue with all Alaskan Communities and agrees with the following:

1. That the State of Alaska is urged to resume sharing revenue or a similar substitute program with communities for fiscal year 2007 in the amount of no less than \$75 million. Each community will receive a minimum payment of \$75,000. The balance, after payment of the minimum, will be allocated on a per capita basis and services provided per instructions on form G. entitled "State Revenue Sharing, FY 04 Summary Sheet". Distribution in cases where one or more communities lie within a borough would be allocated in proportion to the relative population of and services provided by each community, including the borough.

2. The Legislature and Governor, with collaboration from the Alaska Municipal League, should develop a revenue sharing program that is sustainable and meets the goal of sharing the revenue of the State. Examples of programs they could consider as well as others include:

a. "\$1 per barrel program." Under this plan, \$1 per barrel in revenues from annual oil production would be distributed through a revenue sharing program;

b. "An Endowment Program." Under this program, a portion of state revenues would be set aside in an endowment with the annual proceeds used for a revenue sharing program.

c. Percentage of market value.

d. Community Dividend.


e. Constitutional Budget Reserve.

3. That the Application form be modeled after the Department of Community and Economic Development Form last entitled "State Revenue Sharing, FY 04 Summary Sheet."

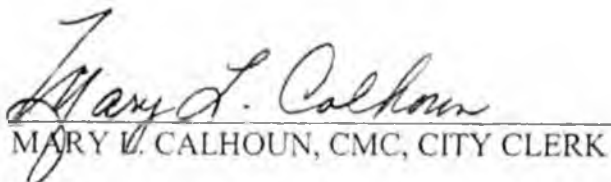
BE IT FURTHER RESOLVED by the City Council that this Resolution shall be sent to Governor Frank Murkowski, the Kenai Peninsula Borough Mayor, John Williams, and all Mayors in the Kenai Peninsula Borough and sent to the Alaska Municipal League, Senator Gary Stevens, Representative Paul Seaton, Senator President Ben Stevens, and the Speaker of the House John Harris.

PASSED AND APPROVED by the Homer City Council this 9th day of January, 2006.

CITY OF HOMER

  
JAMES C. HORNADAY, MAYOR

ATTEST:

  
MARY V. CALHOUN, CMC, CITY CLERK

Fiscal Note: Possible revenues.