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THE PROPERTY TAX CIRCUIT BREAKER: An Introduction and Survey of Current Programs

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Many individuals and families who pay a high share of their income in property taxes are eligible for “property tax circuit breakers”—refunds provided by the state government to those whose property tax payments are deemed too great. Some 18 states deliver roughly \$3 billion per year in circuit breaker programs.¹

Circuit breaker programs share a common objective: to reduce the property tax liability for individuals whose property tax payments represent a large portion of their family’s income. But the programs that the 18 states offer vary tremendously in scope and administration.

- In eight states, property tax circuit breakers are available only to senior citizens and people with disabilities; in 10 other states, they are available to families and individuals regardless of age or disability status.
- In 16 states, circuit breakers are available to both homeowners and renters. Renters qualify based on their rental payments, as it is assumed that property owners pass through a portion of their property taxes to tenants. In one state, only homeowners qualify, while in another state only renters qualify for the circuit breaker.
- Income ceilings vary widely by state. A few states allow only taxpayers with very low incomes — less than \$20,000 — to receive circuit breakers. Others, such as Maine, Michigan, Minnesota, and New Jersey, extend their program to middle-income families whose property taxes are high relative to their incomes.
- Maximum benefits, too, vary widely, from \$200 in Oklahoma to \$2,000 in Maine.
- Nine states use a separate, stand-alone rebate process to administer their circuit breaker programs. Nine administer it as if it were part of the income tax, often offering stand-alone

¹ The District of Columbia is considered a state throughout this paper.

rebates to individuals who do not owe any income taxes.² One state administers its circuit breaker through the property tax system. These differences — and others — can affect public understanding of how circuit breakers work to reduce property taxes and participation among eligible taxpayers.

- The diversity of circuit breaker models results in great variation in states' fiscal contributions toward the programs. In some states, property tax circuit breakers represent a small fraction of property taxes paid – less than 0.10 percent in Oklahoma, Oregon and New York. In other states, such as Michigan, Minnesota and Vermont, circuit breakers represent over six percent of total property tax collections.

This report provides an introduction to property tax circuit breakers and describes the main features of circuit breaker programs currently being administered in the states.³ Such features include eligibility restrictions based on whether the taxpayer is a homeowner or renter, on age or disability status, and on income level. The maximum benefit amounts, how these benefits are administered (i.e. as an income tax credit or state rebate check), and the cost of such programs are also addressed. Future Center on Budget and Policy Priorities analyses will discuss in greater detail how these different state programs compare with one another and the policy consequences of these differences.

What Are Property Tax Circuit Breakers?

Property tax circuit breakers, like the electrical devices that shut off electric power to prevent circuits from overloading, prevent property taxes from “overloading” a family’s budget by “shutting off” property taxes once they exceed a certain share of the family’s income.

The typical mechanism is this:

- The state establishes a maximum percentage of income that a qualifying household is expected to pay in property taxes. This can range from one percent to nine percent, depending on the state; in some states this percentage varies with the family’s income level.
- If the household’s property tax bill exceeds this limit, the state rebates either all or a portion of tax payments made above this limit. Circuit breakers are after-the-fact payments; taxpayers who participate in these programs are still required to pay their entire property tax bills upfront.

Circuit breaker programs are offered in 18 states in a variety of forms. (See Table 5) All of these programs, though, are directly linked to the percentage of income that the family pays in property tax and adhere to the structure discussed above: all or a portion of property taxes paid in excess of a maximum percentage of income is rebated.⁴ (See Table 6) A number of other states offer similar

² Please note that one of Vermont’s programs uses an income tax credit, while the other uses a rebate check. Thus, the state is included in both of those categories.

³ This paper only looks at statewide circuit breaker programs. It does not take into account optional local programs available within a state.

⁴ While state statutes explicitly list the maximum percentage of income and what portion of property taxes above this homeowners are expected to pay, many circuit breaker instructions do not. This is likely because these maximum

property tax credits to families who meet certain income requirements and who pay property taxes. But these credits are generally based on the family's income, not what share of the family's income goes towards paying property tax. (See box on page 4)

Why Are Circuit Breakers Needed?

A basic tenet of fair taxation is that taxes should be reasonably linked to the taxpayer's ability to pay. Tax payments should rise as incomes rise. For a substantial number of taxpayers, however, residential property taxes fail to meet this basic standard of fairness.

One group of taxpayers for whom residential property taxes are often high relative to income is those with low incomes. A study by the Institute on Taxation and Economic Policy finds that in 2002, low-income families paid an average of 3.0 percent of their income in property taxes and middle-income families paid 2.4 percent, while the richest taxpayers paid only 0.8 percent.⁵ A few factors help explain this inequity.

A large body of evidence shows that lower-income families are much more likely to face high housing costs — usually defined as costs that exceed 30 percent of income — than are high-income families. Families below the poverty line typically spend 42 percent of their income on housing compared to the national median of 22 percent.⁶ Families with high housing costs typically pay high property taxes relative to their incomes since property taxes within a given community tend to be roughly proportionate to housing costs.

Renters — who are disproportionately represented among low-income families— also can face high property taxes relative to their incomes.⁷ This is because landlords generally pass along a substantial portion of property taxes to them in the form of higher rents.

A second group of taxpayers who may also face problematic levels of property taxes are those with relatively fixed incomes living in places where property values — and thus property tax assessments — are rising rapidly.⁸ The classic example of such a situation is a senior citizen who has lived in her house for many decades and who recently has seen a large increase in the assessed

percentages and portions vary according to income level. The instructions do, though, provide taxpayers with a table that takes these variables into account. They list different income ranges, property tax payment ranges and the corresponding property tax refund. See Missouri's Property Tax Credit Claim <http://www.dor.mo.gov/tax/personal/individual/forms/2005/ptstable.pdf> or Minnesota's Property Tax Refund http://www.taxes.state.mn.us/prop_refund/instructions/m1pr_inst.pdf.

⁵ Institute on Taxation and Economic Policy, "ITEP Guide to Fair State and Local Taxes," February 2005, <http://www.itepnet.org/guide.htm>.

⁶ 2005 American Household Survey, U.S. Department of Housing and Urban Development and U.S. Census Bureau.

⁷ According to the 2005 American Housing Survey, 31 percent of all households are renters, while 57.4 percent of households in poverty are renters. Table 2-1, 2005 American Housing Survey, US Census Bureau (www.census.gov/prod/2006pubs/h150-05.pdf)

⁸ This could be a result of the house's location becoming more desirous due to new housing demands or commercial developments. It also could be because assessments were not carried out for a number of years and the old property values were substantially different from current market values.

Property Tax Credit Programs Similar to the Circuit Breaker

In addition to the programs described in this report, several other states offer property tax rebates or credits to taxpayers who have low incomes and pay property taxes. These programs are often described as circuit breakers and sometimes even have “circuit breaker” in their name, such as in Connecticut, Idaho and Utah. But they differ from true circuit breakers in this respect: the value of the credit or rebate is driven by a family’s income without taking into account the *share* of the family’s income that goes towards paying property tax.

Some of these programs, such as those in Arizona, Colorado, Idaho and Utah, provide flat payments that vary by income level. For example, in Utah, a family with an income of \$10,000 qualifies for a \$609 credit, while a family with an income of \$15,000 qualifies for a \$392 credit.

Other programs, such as those in Connecticut, Kansas, Iowa, Nevada, New Hampshire, North Dakota and South Dakota, rebate a percentage of property taxes paid that varies by income level. For example, a family earning \$10,000 in Iowa qualifies for a rebate equal to 85 percent of property taxes paid, while a family earning \$15,000 qualifies for a rebate equal to 35 percent of property taxes paid.

Unlike true circuit breaker programs, such credits are not targeted specifically to families with particularly high property tax bills relative to their incomes. For this reason, they are excluded from the analysis in the body of this report.

Not only do these programs fail to adjust for variations in actual property tax burdens, they also tend to be more restrictive than circuit breakers. They are generally offered only to seniors and have relatively low income ceilings.

value of this house. While the property tax *rate* for the community she lives in may fall to reflect her home’s new higher value, this decrease may not fully offset the increase in her home’s assessed value, leading to a higher property tax bill. This could be because the demand for public services supported by the property tax has also increased or because the values of other property in the same community have fallen.

This situation is not limited to senior citizens. The recent rapid increase in many communities’ property values has meant that many younger, working families are also facing property tax bills that are increasingly out of line with their incomes.

A third group of taxpayers whose property taxes may be high relative to income — at least temporarily — are those who have experienced a sudden decline in their incomes, for instance as a result of job loss. As long as the family endures the economic hardship, their ability to pay property taxes is hampered.

In all of these situations, circuit breakers provide direct assistance to families whose ability to pay property taxes has become inadequate relative to their property tax bills.

Who is Eligible for Circuit Breaker Programs?

States limit eligibility for circuit breaker programs in three ways: whether the taxpayer is a homeowner or renter; whether the taxpayer is a senior citizen or disabled; and the income level of

the taxpayer. These requirements vary greatly from state to state and significantly affect the breadth of the program and its ability to offset property taxes for families that are in need of assistance.

Homeowners and Renters

Most circuit breakers are available to both homeowners and renters since they both pay property tax. Homeowners receive an actual bill in the mail that they can pay directly by check or indirectly as part of their mortgage payments. Renters pay property tax implicitly as part of their monthly rent payments. (Landlords typically take property tax liability into account when they set rents, so higher property taxes generally result in higher rents.) In 2006, circuit breakers were offered to homeowners and renters in 16 states, to only homeowners in one state and to only renters in one state. (See Table 1)

In order for the state to provide renters with rebates, it must make an assumption about how much of the rent payment constitutes property tax; the actual amount of property tax that owners of real estate pass on to renters through higher rent is unknown. This “property tax rent equivalent” is usually expressed as a percentage of rent paid and ranges from six percent to 25 percent. (See Table 2)

For example, consider a Vermont family that earned \$30,000 in 2005 and rented a home at a rental rate of \$700 per month for a yearly total of \$8,400. Vermont’s property tax rent equivalent is 21 percent, making this family’s “property tax bill” for 2005 equal to \$1,764. At their income level, the family is required to pay five percent of their income (or \$1,500) in property taxes before they receive a credit, but everything they pay over this amount will be rebated to them by the state. The income tax credit amount will, therefore, equal \$264 (\$1,764 minus \$1,500).

Property tax rent equivalents are typically set in statute. A state could set these rent equivalents based on empirical or theoretical analysis of the relationship between rents and property taxes. It is unclear whether any states have conducted such analyses in recent years.

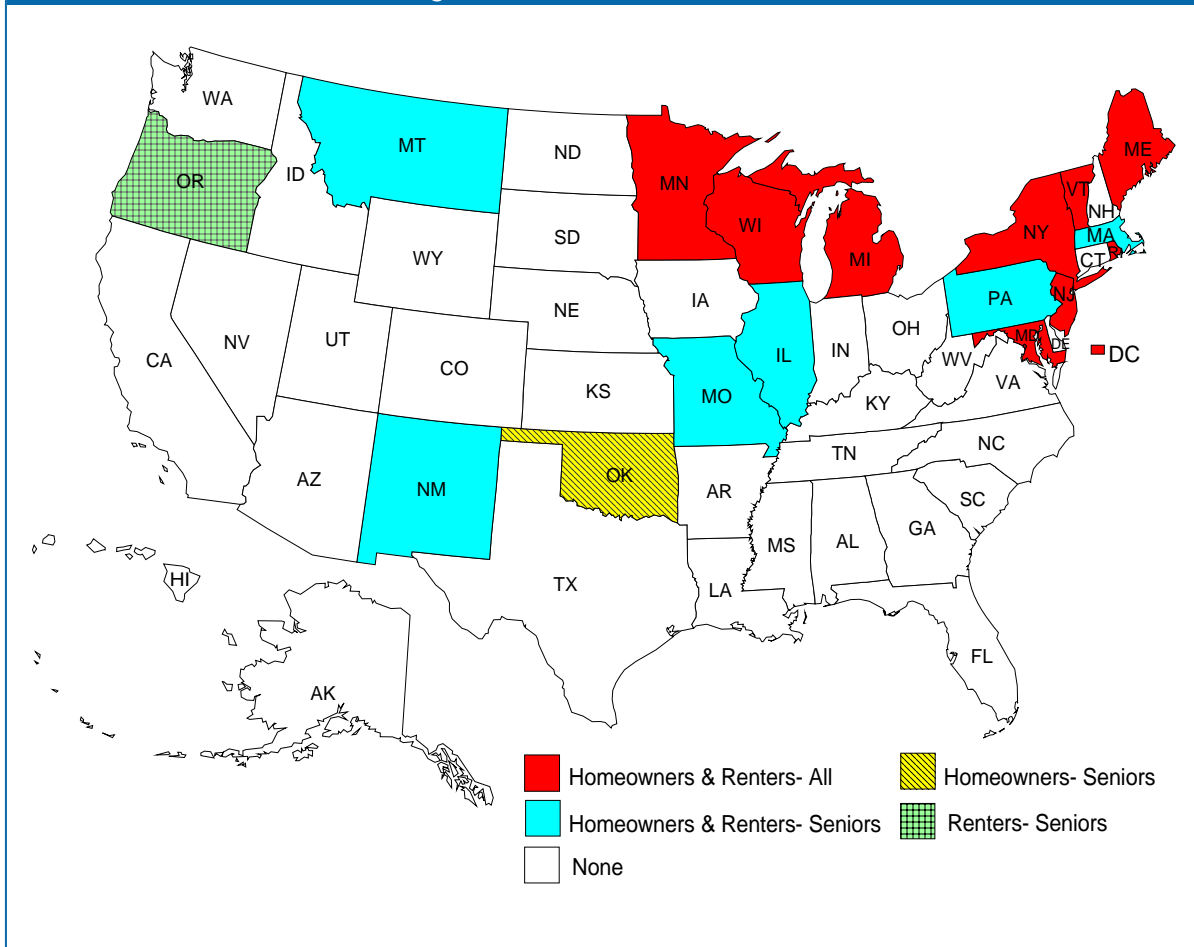
Senior Citizens and Disabled Residents

Participation in eight of the 18 states with circuit breaker programs is restricted to senior citizens or disabled residents. (See Table 1) These groups often are seen as those with the greatest need because they have a limited ability to generate income. Nevertheless, other low-income groups may also face high property tax bills relative to their income. Circuit breaker programs that include anyone who meets income eligibility requirements ensure property tax reductions go to a range of needy households.

Income Ceilings

All states set a maximum income or wealth limitation, above which households do not qualify for the circuit breaker program. In some cases, these limitations are very restrictive. For example, Oregon’s circuit breaker has an income ceiling of \$10,000, the lowest in the nation. The federal poverty line for a two person household is \$12,755, meaning that a couple in Oregon with income below the poverty line is too well off to benefit.

FIGURE 1: Who Is Eligible for Circuit Breakers (FY 2006/TY 2005)?



Other states' income ceilings are much more generous and allow families with moderate incomes — or even relatively high incomes — to participate if they have high property taxes relative to their income. For example, New Jersey's circuit breaker has an income ceiling of \$200,000. (See Table 3)

Note that even with generous income ceilings, participation among middle-income families is limited by the requirement that property tax liability exceed a certain percentage of income. For this reason, even in the absence of restrictive limits, lower-income families are more likely to qualify for a circuit breaker than middle-income families.

In general, circuit breakers limited to senior citizens and those with disabilities tend to have stricter income limitations than do circuit breakers that are open to everyone. Of the eight circuit breaker programs limited to seniors and disabled persons, half have income ceilings between \$10,000 and \$19,999. Only one circuit breaker program open to everyone has such a low ceiling. On the opposite end of the spectrum, five of the 10 states that offer circuit breakers to everyone have income ceilings greater than \$70,000. No program limited to seniors and disabled persons has such a high ceiling.

What Are the Maximum Benefits?

The circuit breaker formula, which takes into account property taxes and income, determines the level of benefits that a taxpayer may receive. But this is true only up to a point: the amount of benefit is typically capped at a specific dollar level, regardless of actual property tax liability. Often this limit varies by income level, so that families with lower incomes are eligible for larger maximum amounts than families with higher incomes. The cap ranges from \$200 for elderly and disabled homeowners in Oklahoma to \$2,100 for elderly and disabled renters in Oregon. The greatest maximum benefit for states that offer the circuit breaker to both renters and homeowners is \$2,000 in Maine. (See Table 4)

Finally, maximum benefits do not seem to be closely correlated with income limits. That is, not all states with low income limits have similarly low maximum benefits. For instance, Oregon has a low income ceiling of \$10,000, but a high maximum benefit of \$2,100. It is unlikely, though, that anyone claims this maximum benefit.

States prefer to put caps on maximum benefits because doing so limits the cost of the program and controls the rate at which this cost grows over time. But an overly restrictive cap limits a circuit breaker's capacity to reduce property tax liabilities. For example, New York's maximum benefit is \$75 for those under 65, regardless of actual property tax liability or income. Even if a family receives the maximum benefit — they may qualify for less— in most cases this small sum cannot provide meaningful assistance with property tax bills.

How Are Circuit Breaker Credits Administered?

How a state administers its circuit breaker program can have at least two major consequences: it can affect the likelihood that an eligible taxpayer will participate in the program, and it can affect the public perception of the program as an effective way of improving the property tax's fairness.

States typically use one of three mechanisms to deliver property tax circuit breakers: a direct rebate check, an income tax credit, or a credit for future property tax bills. (See Table 5)

One approach is to set up a stand-alone program through which taxpayers can apply for and receive a refund check. Nine of the 18 states use this method. A disadvantage of a stand-alone program is that only a portion of eligible taxpayers — perhaps as few as one-third to one-half — may be expected to participate, in part because they may not be fully aware of the program or may not know that they are eligible.⁹

Equally as common is rebating money via the state income tax form, which is done in nine states. In seven of these nine states, individuals who qualify for the program, but who are not required to

⁹ For example, according to Maine's Revenue Service, only 41 percent of eligible taxpayers applied for the state's circuit breaker program. Seth Harkness, "Mainers Forgoing New Tax Savings," *Portland Press Herald*, September 7, 2006. See also Andrew Reschovsky, "The State Role in Providing Property Tax Relief," presentation for Nevada Legislature, 2005; and David Baer, "State Programs and Practices for Reducing Residential Property Taxes," AARP Public Policy Institute, May 2003.

file an income tax return, file just the circuit breaker credit portion of the return. In these cases, the credit is given as a refund check. Administering the program through the income tax reduces the problem of non-participation because most families (including most non-elderly low-income families) do file income taxes, even if only to claim withholding taxes or other tax credits.

But structuring the circuit breaker as a provision of the income tax can reduce taxpayers' awareness that the credit is functioning as a form of property tax relief. Academic research has shown that taxpayers often resist the idea that increased fairness in one tax offsets unfairness in another tax.¹⁰

In one state—Maryland—the property tax circuit breaker is applied as a property tax credit against future property tax bills. (Renters receive rebate checks.) The advantage here is the explicit link that is made to property tax liability. The disadvantage is that if the homeowner moves, he loses his credit.

How Much Do Circuit Breaker Programs Cost?

The cost of a circuit breaker program to a state treasury depends on all of the variables described above: eligibility requirements, maximum benefits, the formula through which the benefit is calculated, and the percentage of eligible taxpayers who participate in the program.

Every state with a circuit breaker program tracks how much they have provided in property tax refunds through the program. Therefore, one way to get a sense of the impact of these programs is to compare the total amount rebated to 2004 total property tax collections, as reported by the US Census Bureau.¹¹ (It should be noted that property tax collections include collections of taxes on real property *and* personal property.¹²) (See Table 5)

Some circuit breaker rebates constitute a miniscule portion of total property tax collections. In Oklahoma, for instance, circuit breaker benefits as a share of total property tax collections total one-fiftieth of one percent. Its program is limited to seniors and disabled persons and has a low income ceiling and maximum benefit amount.

On the opposite end of the spectrum is Vermont. Its two circuit breaker programs provide benefits equal to 11.4 percent of total property tax collections.¹³ Its Education Property Tax Payment, which is available to all homeowners with incomes up to \$110,000, provides benefits equal

¹⁰ See for instance Edward J. McCaffery and Jonathan Baron, "Heuristics and Biases in Thinking About Tax," *Proceedings: 96th Annual Conference on Taxation, 2003*, National Tax Association, 2004.

¹¹ See Notes and Sources for further information.

¹² The Census definition is: Property refers to real property (e.g., land and structures) as well as personal property; personal property can be either tangible (e.g., automobiles and boats) or intangible (e.g., bank accounts and stocks and bonds). Special property taxes, levied on selected types of property (e.g., oil and gas properties, house trailers, motor vehicles, and intangibles) and subject to rates not directly related to general property tax rates. Taxes based on income produced by property as a measure of its value on the assessment date. Penalties and interest on delinquent property taxes; proceeds of tax sales and tax redemptions, up to the amount of taxes due plus penalties and interest. For governments collecting taxes as agents for another, includes any commissions, fees, or other items representing collection expenses retained from tax proceeds. <http://www.census.gov/govs/www/qtaxtechdoc.html>

¹³ The state is currently merging these two programs together.

to 8.1 percent of all property tax collections. And its Property Tax Rebate, which is available to all homeowners and renters with incomes up to \$47,000, provides benefits equal to 3.3 percent of all property tax collections.

States usually bear the costs of circuit breaker programs, funding them out of the general fund. This allows the property tax itself to continue to fund essential services like education at the local level. When the rebate is administered at the local level via a property tax credit, the state normally reimburses the locality for the foregone revenue.

APPENDIX

TABLE 1. GENERAL ELIGIBILITY REQUIREMENTS FOR STATE CIRCUIT BREAKER PROGRAMS		
	Limited to Seniors and People with Disabilities (8 states)	Available to All (10 states)
Homeowners & Renters (16 states)	Illinois Massachusetts Missouri Montana New Mexico Pennsylvania	District of Columbia Maine Maryland Michigan Minnesota New Jersey* New York Rhode Island Vermont** Wisconsin
Homeowners (1 state)	Oklahoma	
Renters Only (1 state)	Oregon	
No Circuit Breaker (32 states)	Arizona Alabama Alaska Arkansas California Colorado Connecticut Delaware Florida Georgia Hawaii Idaho Indiana Iowa Kansas Kentucky Louisiana	Mississippi Nebraska Nevada New Hampshire North Carolina North Dakota Ohio South Carolina South Dakota Tennessee Texas Utah Virginia Washington West Virginia Wyoming

* New Jersey's FAIR rebate program is a circuit breaker for all homeowners and renters age 65 and older. Renters under 65 get a flat credit that is not based on property taxes as a percentage of their income.

** Vermont has two programs for which all age groups are eligible, but one of the programs limits eligibility to homeowners while the other allows both renters and homeowners to apply.

**TABLE 2. PROPERTY TAX RENT EQUIVALENTS IN STATE
CIRCUIT BREAKER PROGRAMS FOR RENTERS**

State	Program Name	Property Tax Rent Equivalent*
DC	Individual Income Property Tax Credit	15% of rent paid
IL	Circuit Breaker	25% of rent paid
ME	Maine Residents Property Tax and Rent "Circuit Breaker" Refund	20% of rent paid
MD	Renters' Tax Credit Program	15% of rent paid
MA	Circuit Breaker Credit	25% of rent paid
MI	Homestead Property Tax Credit	20% of rent paid
MN	Property Tax Refund	19% of rent paid
MO	Property Tax Credit Claim	20% of rent paid
MT	Elderly Renter Credit	15% of rent paid
NJ	FAIR Rebate	18% of rent paid if tenant is 65 or older or disabled
NM	Property Tax Rebate	6% of rent paid
NY	Real Property Tax Credit for Homeowners and Renters	25% of rent paid
OR	Elderly Rental Assistance Program	None specified
PA	Property Tax/Rent Rebate	Varies; amount of rent refunded ranges from 20% for incomes below \$5,500 to 2% for incomes between \$13,000 and \$15,000.
RI	Property Tax Relief Credit	20% of rent paid
VT	Property Tax Rebate	21% of rent paid
WI	Homestead Credit	25% of rent paid

* Figures listed assume that utilities are not included in rent payment. States typically adjust this figure if heat and/or other utilities are included.

TABLE 3. INCOME ELIGIBILITY LIMITS FOR STATE CIRCUIT BREAKER PROGRAMS		
Income Limit	Limited to Seniors and People with Disabilities	Available to All
\$0 – 9,999		
\$10,000 – 19,999	NM, OK*, OR**, PA	NY
\$20,000 – 29,999	MO	DC, WI
\$30,000 – 39,999	IL	RI
\$40,000 – 49,999	MT	
\$50,000 – 59,999	MA	
\$60,000 – 69,999		MD
\$70,000 or more		ME, MI, MN, NJ, VT***

* Program only for homeowners

** Program only for renters only

*** This is the income ceiling for the Education Property Tax Payment (“Prebate”). Vermont’s other program—Property Tax Rebate—has an income ceiling of \$47,000.

TABLE 4. MAXIMUM BENEFIT AMOUNTS FOR STATE CIRCUIT BREAKER PROGRAMS		
Maximum Annual Benefit	Limited to Seniors and People with Disabilities	Available to All
\$0 – 199		
\$200 – 399	NM, OK	NY**, RI
\$400 – 599	PA	
\$600 – 799	IL, MO	MD***, DC
\$800 – 999	MA	
\$1,000 – 1,199	MT	WI
\$1,200 – 1,399		MI, NJ*
\$1,400 or more	OR	ME, MN*
No specified limit		VT

* Renter credit is lower: MN is \$1,350 and NJ is \$824

**Maximum benefit is for people over 65; under 65 get a flat credit of \$75.

*** Maximum benefit is for renters; there is no specified maximum benefit for homeowners.

TABLE 5. SUMMARY OF PROPERTY TAX CIRCUIT BREAKER PROGRAMS FOR 2006 (TY 2005)

Note: (h) refers to homeowners and (r) refers to renters

State	Program Name	Renters Eligible?	Eligibility	Household Income Ceiling (single/ joint filer)	Maximum Benefit	Type of Rebate	Rebates as a % of Property Tax Collections (2004)
DC	Individual Income Property Tax Credit	Yes	All	\$20,000	\$750	Income tax credit (filers) or rebate check (nonfilers)	0.94%
IL	Circuit Breaker	Yes	Age 65 and older, 16 and older and disabled, or surviving spouse 63 or older	\$21,218 (1 person household); \$28,480(2 person household); \$35,740(3 person household)	\$700	Rebate check	0.77%
ME	Maine Residents Property Tax and Rent "Circuit Breaker" Refund	Yes	All	\$77,000/\$102,000	\$2,000	Rebate check	1.11%
MD	Homeowners' Property Tax Credit Program/Renters' Tax Credit Program	Yes- applicants under age 60 must have at least one dependent under 18 living with them	All	\$60,000 & \$200,000 net worth (excluding home) (h); \$38,659 (renters under 60 in 9 person household); \$30,000 (renters over 60)	Amount by which property taxes (based on no more than \$300,000 of assessment) exceed established "Tax Limits" (h); \$600 (r)	Property tax credit (h); rebate check (r)	0.71%
MA	Real Estate Tax Credit for Persons 65 and Older (Circuit Breaker Credit)	Yes	Age 65 and older	\$45,000 (\$58,000 if head of household)/\$67,000; assessed value of principal residence cannot exceed \$600,000	\$840	Income tax credit	0.22%
MI	Homestead Property Tax Credit	Yes	All	\$82,650	\$1,200	Income tax credit (filers) or rebate check (nonfilers)	6.52%
MN	Property Tax Refund	Yes	All	\$87,780 (h); \$47,350 (r)	\$1,640 (h); \$1,350 (r)	Rebate check	6.03%

**TABLE 5. SUMMARY OF PROPERTY TAX CIRCUIT BREAKER PROGRAMS FOR 2006
(TY 2005) - Continued**

State	Program Name	Renters Eligible?	Eligibility	Household Income Ceiling (single/ joint filer)	Maximum Benefit	Type of Rebate	Cost as % of Prop Tax Collections (2004)
MO	Property Tax Credit Claim	Yes	Age 65 and older, disabled, or age 60 and older receiving surviving spousal Social Security	\$25,000/\$27,000	\$750 (h); lesser of 20% rent paid or \$750 (r)	Rebate check	2.22%
MT	Elderly Homeowner/ Renter Credit	Yes	Age 62 and older	\$45,000	\$1,000	Income tax credit (filers) or rebate check (nonfilers)	1.27%
NJ	FAIR Rebate	Yes	All (h); age 65 or older (r)	\$200,000 (h); \$100,000 (r)	\$1,200 (h); \$825 (r)	Rebate check	5.64%
NM	Property Tax Rebate	Yes	Age 65 and older	\$16,000	\$250	Income tax credit	0.46%
NY	Real Property Tax Credit for Homeowners and Renters	Yes- average monthly rent must be \$450 or less	All	\$18,000; market value of home must not exceed \$85,000	\$375 (age 65 and older); \$75 (under 65)	Income tax credit (filers) or rebate check (nonfilers)	0.09%
OK	Property Tax Refund	No	Age 65 and older or disabled	\$12,000	\$200	Rebate check	0.02%
OR	Elderly Rental Assistance Program	Yes- must have paid more than 20% of income for rent, fuel, and utilities	Renters only, age 58 and older	\$10,000; asset limit of \$25,000 if under age 65, no limit if over 65	\$2,100	Rebate check	0.06%
PA	Property Tax/Rent Rebate Program	Yes	Age 65 and older, spouse age 65 or older, disabled, or widow age 50 and older	\$15,000	\$500	Rebate check	0.99%

**TABLE 5. SUMMARY OF PROPERTY TAX CIRCUIT BREAKER PROGRAMS FOR 2006
(TY 2005) - Continued**

State	Program Name	Renters Eligible?	Eligibility	Household Income Ceiling (single/ joint filer)	Maximum Benefit	Type of Rebate	Cost as % of Prop Tax Collections (2004)
RI	Property Tax Relief Credit	Yes	All	\$30,000	\$250	Income tax credit (filers) or rebate check (nonfilers)	.34%
VT	Property Tax Rebate	Yes	All	\$47,000	None- state rebates the difference between a maximum percentage of income claimant expected to pay in property taxes (3.5% -5.0%, depending on income) and the amount of property taxes actually owed	Income tax credit (filers) or rebate check (nonfilers)	3.30%
	Education Property Tax Payment ("Prebate")	No	All	\$110,000	None- state rebates difference between maximum percentage of income claimant is expected to pay in school property taxes (2.0-4.5%, depending on income) and the projected amount of school property taxes owed (State provides \$15,000 homestead exemption for lowest-income)	Rebate Check	8.06%
WI	Homestead Credit	Yes	All	\$24,500	\$1,160	Income tax credit (filers) or rebate check (nonfilers)	1.69%

TABLE 6: FORMULAS FOR CIRCUIT BREAKERS AVAILABLE TO ALL HOMEOWNERS AND RENTERS (Example of calculation is for a 4-person family at the federal poverty line of \$19,971, except the New York calculation, which uses a 4-person family earning \$17,000)*	
State	Credit and Percentage of Income
DC	Credit equals 75% to 95% of the amount by which property taxes exceed 1.0% to 4.0% of income. <ul style="list-style-type: none"> • Credit = $.75 * (\text{property tax} - .035 * \text{income})$
ME	Credit equals 50% of the amount by which property taxes exceed 4% to 8% of income. Credit equals 100% of the amount by which property taxes exceed 8% of income. <ul style="list-style-type: none"> • If paying 5% of income in property tax, credit = $.50 * (\text{property tax} - .04 * \text{income})$ • If paying 9 % of income in property taxes, credit = $.50 * (.08 * \text{income} - .04 * \text{income}) + (\text{property tax} - .08 * \text{income})$
MD	Credit equals the total amount by which property taxes exceed 0% to 9% of income, according to the following formula: 0% of the first \$8,000 of the combined household income; 4% of the next \$4,000 of income; 6.5% of the next \$4,000 of income; and 9% of all income above \$16,000. <ul style="list-style-type: none"> • Credit = $\text{property tax} - ((4000 * .04) + (4000 * .065) + ((\text{income} - 16,000) * .09))$
MI	Credit equals 60% of the amount by which property taxes exceed 3.5% of income. The credit is reduced by 10% for every \$1,000 that income exceeds \$73,650. <ul style="list-style-type: none"> • Credit = $.60 * (\text{property tax} - .035 * \text{income})$
MN	Credit equals 50% to 90% of the amount by which property taxes exceed 1% to 4% of income. <ul style="list-style-type: none"> • Credit = $.65 * (\text{property tax} - .022 * \text{income})$
NJ	Credit equals total amount by which property taxes exceed 5% of income. <ul style="list-style-type: none"> • Credit = $\text{property tax} - .05 * \text{income}$
NY	Credit equals 25% to 50% of the amount by which property taxes exceed 3.5% to 6.5% of income. <ul style="list-style-type: none"> • Credit = $.50 * (\text{property tax} - .065 * \text{income})$
RI	Credit equals the total amount by which property taxes exceed 3% to 6% of income. <ul style="list-style-type: none"> • Credit = $\text{property tax} - .06 * \text{income}$
VT	Credit equals the total amount by which property taxes exceed 3.5% to 5% of income. <ul style="list-style-type: none"> • Credit = $\text{property tax} - .035 * \text{income}$
WI	For taxpayers with income < \$8,000, credit equals 80% of property taxes. For taxpayers with income > \$8,000, credit equals 80% of the amount by which property taxes exceed 8.788% of income over \$8,000. <ul style="list-style-type: none"> • Credit = $.80 * (\text{property tax} - .08788 * (\text{income} - \\$8,000))$

* New York's income limit is \$18,000, so a family at the federal poverty line does not qualify for the program.

State Notes and Sources

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2. **Illinois:** Illinois Department on Aging, Circuit Breaker Program Frequently Asked Questions, <http://www.cbrx.il.gov/aging/1rx/cbrx/faq.htm#anchor2>; Form 2005 IL-1363, Application for Circuit Breaker and Illinois Cares, <http://www.cbrx.il.gov/aging/1rx/cbrx/forms/il1363.pdf>. Cost data is for FY 2004: Tanika Simmons, Illinois Office of Management and Budget (217-782-3429).
3. **Maine:** Effective August 2006, Maine expanded its circuit breaker program. The cost data does not reflect this since it is from TY 2004. The estimated TY 2005 cost is \$44.3 million, almost twice the cost of the program in TY 2004. Maine Revenue Services, Maine Residents Property Tax and Rent Refund Program Summary, <http://www.maine.gov/revenue/taxrelief/tnrsummary.htm>, FAQs, http://www.maine.gov/revenue/faqs/tnr_faq.shtml; 2005 Instruction Booklet, http://www.maine.gov/revenue/forms/tnr/T&RBook_06.pdf. Cost data is for TY 2004: Property Tax Assistance for Individuals and Businesses, <http://www.maine.gov/legis/ofpr/mun05appendixa.htm>.
4. **Maryland:** Maryland State Department of Assessments and Taxation, Homeowners' Property Tax Credit Program 2006 Form HTC-60, <http://www.dat.state.md.us/sdatweb/HTC-60.pdf>; 2006 Form RTC-60, <http://www.dat.state.md.us/sdatweb/RTC-60.pdf>. Cost data is for TY 2004: Maryland Department of Assessments and Taxation, Comparison of Homeowners' Tax Credits Since 2000, http://www.dat.state.md.us/sdatweb/stats/htc_all.html, and Renters' Credits, http://www.dat.state.md.us/sdatweb/stats/rtc_all.html.
5. **Massachusetts:** Commonwealth of Massachusetts Department of Revenue, Guide to Taxes: Personal Income Tax Credits 2005, http://www.massdor.com/help/guides/abate_amend/personal/issues/realstate.htm. 2005 Tax Forms, http://www.mass.gov/Ador/docs/dor/Forms/IncTax05/PDFs/sch_cb.pdf. Cost data is for FY 2004: Executive Office for Administration and Finance, Tax Expenditure Budget, Fiscal Year 2004, <http://www.mass.gov/Ador/docs/dor/Stats/TEB/TEB2004.pdf>.
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14. **Oregon:** The maximum benefit amount is an amount used to estimate credits; it is much higher than the amount people generally receive. Oregon Department of Revenue Publication 17 1/2: Oregon Individual Income Tax Guide (2005), <http://egov.oregon.gov/DOR/PERTAX/docs/2005Forms/101-431-05.pdf>. Elderly Rental Assistance Program Form 90R and Instructions (2005), <http://www.oregon.gov/DOR/PERTAX/docs/2005Forms/545-002-05fill.pdf> Cost data is for TY 2004: Oregon Department of Revenue, Research Division, (503) 945-8384.
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16. **Rhode Island:** Rhode Island's program was capped at \$6 million for TY 2004. As a result of this cap, people under 65 only got a proportion of their full credit. In TY 2005, the cap was increased to \$10 million and the cost of the program was \$8.9 million. There will be no cap for TY 2006 and the maximum benefit will be increased to \$300. Rhode Island Division of Taxation, 2005 Form RI-1040H, Rhode Island Property Tax Relief Claim, <http://www.tax.state.ri.us/form/2005/pers/1040h.pdf>. Cost data is for TY 2004: Rhode Island Division of Taxation, Personal Income Tax (401-222-3911).
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