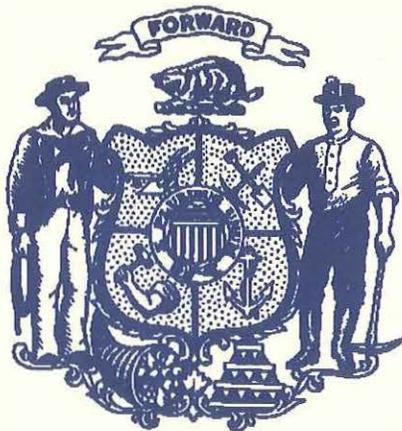


# HOMESTEAD TAX CREDIT

Informational Paper #24



State of Wisconsin

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**Informational Paper #24**

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# HOMESTEAD TAX CREDIT

## INTRODUCTION

The homestead tax credit program directs property tax relief to low-income homeowners and renters. The program is often referred to as a "circuit breaker" since it provides relief once property taxes exceed a taxpayer's ability to pay them. Relief is provided as a credit reducing personal income tax liability or as a cash refund if the credit exceeds income tax due. Credits are limited to Wisconsin residents over 18 years of age. In 1991-92, \$105.5 million in homestead credits was provided to 248,200 eligible households.

This paper provides the following: (1) a description of the formula used to determine the credit and eligibility requirements; (2) historical data regarding annual claims and program expenditures; (3) information regarding characteristics of program participants; (4) a discussion of the program's effectiveness as a means for providing property tax relief; and (5) a description of homestead-type programs in other states.

## CREDIT FORMULA AND ELIGIBILITY CRITERIA

### HOMESTEAD TAX CREDIT FORMULA

The homestead credit received by eligible claimants depends on the interaction of household income and allowable property taxes. Before considering income, each claimant's potential credit equals 80% of eligible property taxes (or rent constituting property taxes). This potential credit is reduced by 10.4 cents for each dollar of income in excess of \$8,000 (the income "threshold"). The homestead formula is expressed as a mathematical equation below:

$$\text{Credit} = [80\% \times \text{Property Taxes}] - 10.4\% [\text{Household Income} - \$8,000]$$

For all claimants, the first \$8,000 of income is a deductible amount that does not affect the size of the homestead credit. The credit for claimants with \$8,000 or less of household income equals 80% of property taxes. Since only the first \$1,450 of property taxes or rent constituting property taxes is considered in determining the credit, the largest possible credit is \$1,160 (80% x \$1,450).

## FIGURE I

### Homestead Tax Credit Computation

**Example A:** For a claimant with household income less than the income threshold (\$8,000).

Calculation of homestead tax credit for a claimant with \$4,000 of household income and property taxes of \$600.

$$\begin{aligned}\text{Homestead tax credit} &= \text{Property taxes} \times 80\% \\ &= \$600 \times 80\% \\ &= \$480^*\end{aligned}$$

**Example B:** For a claimant with household income greater than the income threshold (\$8,000).

Calculation of homestead tax credit for a claimant with \$12,000 of household income and property taxes of \$1,450.

$$\begin{aligned}\text{Homestead tax credit} &= [80\% \times \text{Property taxes}] - 10.4\% [\text{Income} - \$8,000] \\ &= [80\% \times \$1,450] - 10.4\% [\$12,000 - \$8,000] \\ &= \$1,160 - 10.4\% [\$4,000] \\ &= \$1,160 - \$416 \\ &= \$744^*\end{aligned}$$

\*The actual credit received may be slightly different because the credit is read off of a table supplied with the homestead tax credit form rather than being computed by formula for every income and property tax combination.

As income rises above \$8,000, the credit is reduced below 80% of property taxes. For households with property taxes equal to or exceeding the maximum property tax of \$1,450, the

credit will become zero when income reaches \$19,154 (maximum income). For households with property taxes less than \$1,450, the credit will become zero at a lower income level.

The percentage factor applied to household income above the income threshold (10.4% above) is determined by the maximum income, maximum property tax and the income threshold. Increasing the maximum income lowers the percentage factor, while increases in the maximum property tax or the income threshold will increase the percentage factor.

Figure I provides examples of the computation of the homestead tax credit for two hypothetical households. Table I shows the average homestead tax credit available to 1992 claimants at various levels of income and property taxation.

**TABLE I**

**Average 1993 Homestead Tax Credit  
(Based on 1992 Income and Taxes)**

Household Income	Homeowners Property Taxes								Renters Monthly Rent**				
	\$700	800	900	1,000	1,100	1,200	1,300	1,450*	\$100	200	300	400	500*
\$0 to 8,000	\$560	\$640	\$720	\$800	\$880	\$960	\$1040	\$1160	\$240	\$480	\$720	\$960	\$1160
9,000	456	536	616	696	776	856	936	1056	136	376	616	856	1056
10,000	352	432	512	592	672	752	832	952	32	272	512	752	952
11,000	248	328	408	488	568	648	728	848	0	168	408	648	848
12,000	144	224	304	384	464	544	624	744	0	64	304	544	744
13,000	40	120	200	280	360	440	520	640	0	0	200	440	640
14,000	0	16	96	176	256	336	416	536	0	0	96	336	536
15,000	0	0	0	72	152	232	312	432	0	0	0	232	432
16,000	0	0	0	0	48	128	208	328	0	0	0	128	328
17,000	0	0	0	0	0	24	104	224	0	0	0	24	224
18,000	0	0	0	0	0	0	0	120	0	0	0	0	120
19,000	0	0	0	0	0	0	0	16	0	0	0	0	16
Over 19,154	0	0	0	0	0	0	0	0	0	0	0	0	0

\*Only the first \$1,450 of property taxes or rent constituting property taxes is considered in determining the amount of the credit.

\*\*Assumes no heat included in rent; rent constituting property taxes equals 25% of gross rent for the year.

Note: If the amount of credit determined by the formula is more than \$0 and less than \$10, the amount of the credit equals \$10.

## APPLICATION REQUIREMENTS

A claimant must meet each of the following eligibility conditions to qualify for a credit:

1. **Age.** The claimant must have been 18 years of age or older by December 31 of the year for which the claim is filed. For example, an applicant must have reached 18 years of age by December 31, 1992, in order to file a claim based on 1992 taxes.
2. **Dependent Status.** The claimant cannot have been claimed as a dependent for federal income tax purposes in the preceding year, except for persons 62 years of age or older.
3. **Residency.** The claimant must have been a legal resident of Wisconsin for all of the preceding year.
4. **Nursing Home Residents.** At the time of filing the claim, the claimant may not be a nursing home resident participating in the medical assistance program.
5. **Public Assistance Recipients.** A credit cannot be received for any month that the claimant received either \$400 or more of general relief or any amount of aid to families with dependent children (AFDC). A claimant can receive a prorated credit for each month not affected by these restrictions.
6. **Farmland Preservation Participants.** The claimant cannot receive a homestead tax credit in a year in which a farmland preservation tax credit is received.
7. **Tax-Exempt Housing Residents.** The claimant cannot have lived the entire preceding year in housing that is exempt from property taxes (unless the housing is owned and operated by a housing authority that makes payments in lieu of property taxes). Persons who live in tax-exempt housing and who still own their former home may claim a credit based on property taxes accrued on their former home for up to one year if the claimant has attempted to sell the home, but has not rented or leased the home. A prorated credit can be received for the portion of the year that a claimant resided in housing subject to property taxation.

Eligible households are required to file a claim with the Department of Revenue. A provision in the 1991-93 biennial budget act established the same due dates, extensions, late fees, penalties, interest charges, and time for filing amended claims and claims for refund for the homestead tax credit as for individual tax returns. Individual income tax returns are due three and one-half months after the end of the tax year and extensions are allowed for up to two months following the due date. Claims for refunds may be filed up to four years after the unextended due date of the original return.

## HOUSEHOLD INCOME AND PROPERTY TAXES

**Household Income.** Household income includes only the income of the claimant and his or her spouse. There is no test for total wealth or assets owned by claimants.

Household income is broadly defined to reflect most cash resources available to claimants. It includes all income that is taxable for Wisconsin income tax purposes plus such income sources as unemployment compensation, social security, supplemental security income, pensions and annuities. Also included are certain items that are excluded from adjusted gross income, such as excluded dividends, capital gains and contributions to IRAs. The appendix lists all of the income sources included in household income.

A downward adjustment is made to household income for family size. The adjustment equals \$250 for each dependent that lives with the claimant for more than six months during the year. This provision helps target funds to families with dependents.

**Property Taxes.** In determining the homestead credit, eligible households can use up to a maximum of \$1,450 in property taxes or rent constituting property taxes. For homeowners, this is the preceding year's property tax levy (for example, claims for property taxes levied in December, 1992, are filed during 1993), exclusive of special assessments, delinquent interest and charges for services. For farmers, the number of acres on which property taxes can be claimed for a homestead that is an integral part of a farm is 120 acres. For renters, 25% of the preceding year's rent (20% if heat is included) is used in lieu of property taxes. This rent may include the value of utilities if utility payments are included in gross rent paid to the landlord. A certificate filed by the landlord documents rent payments and adjusts gross rent to exclude nonoccupancy services.

## PROGRAM EXPENDITURES AND PARTICIPATION

In 1964, Wisconsin pioneered the circuit breaker approach to property tax relief by establishing the homestead tax credit to relieve low-income homeowners and renters aged 65 or older of excessive property taxes. In 1966, the Wisconsin Supreme Court ruled that the homestead program was a relief program, since it considered the individual's income and needs, was available to renters as well as homeowners and was not linked to the property tax administrative system. This finding was central to the Court's decision that the program did not violate uniformity requirements of the State Constitution (Harvey v. Morgan, 1966). There has been no subsequent change in this ruling.

**TABLE II**  
**Homestead Tax Credit and Formula Factors**  
**1980-81 to 1992-93**

<u>Fiscal Year</u>	<u>Total Count</u>	<u>Total Credits</u>	<u>Average Credit</u>	<u>Maximum Income</u>	<u>Maximum Property Tax</u>	<u>Income Threshold</u>
1980-81	304,100	\$91,937,000	\$302	\$14,000	\$1,000	\$5,000
1981-82	281,000	90,517,000	322	14,000	1,000	6,000
1982-83	263,600	83,750,000	318	14,000	1,000	6,000
1983-84	262,200	86,026,000	328	15,500	1,100	7,000
1984-85	284,000	127,135,000*	370	16,500	1,200	7,400
1985-86	272,400	102,663,000	377	16,500	1,200	7,400
1986-87	260,600	102,619,000	394	16,500	1,200	7,600
1987-88	259,800	103,829,000	400	16,500	1,200	7,600
1988-89	248,400	99,450,000	400	16,500	1,200	7,600
1989-90	248,800	106,410,000	428	18,000**	1,350	8,000
1990-91	255,500	112,273,000	439	19,154**	1,450	8,000
1991-92	248,200	105,506,000	425	19,154**	1,450	8,000

\*Includes special one-time supplemental payments totalling \$21,500,000, which were paid out of the 1984-85 homestead appropriation to 1984 claimants. The 25% supplement is not reflected in the average tax credits; if it were, the average credit for 1984-85 would increase to \$410.

\*\*Beginning in 1989-90, household income is reduced by \$250 for each dependent.

The cost of the homestead program grew from \$2 million at its inception to \$10 million by 1972-73. In 1973, the program was expanded to include any person age 18 or older who satisfied income and other eligibility requirements. Lowering the age restriction more than doubled the program participants and contributed to an increase in program costs to \$35 million in 1973-74 (changes in formula factors also increased program costs). The program experienced steady growth throughout the rest of the 1970s, reflecting further increases in the formula factors. By 1980, the annual cost exceeded \$90 million.

Table II shows the total cost, number of claimants, average credit and major formula factors for the homestead program since 1980. During the early 1980s program costs decreased, dropping to \$84 million in 1982-83. In large part, this was due to changes to the definition of household income that increased the income that was counted in determining credits.

With one exception (1988-89), program costs have exceeded \$100 million per year beginning in 1984-85 (the 1984-85 payment was unusually high due to a one-time 25% supplement, costing \$21.5 million). Expansions in the program's formula factors in the late 1980s and early 1990s increased program costs to \$106 million in 1989-90 and then to \$112 million in 1990-91. Homestead expenditures fell to \$105 million in 1991-92, primarily due to the creation of the lottery credit, which reduced the property taxes paid by homeowners.

### CHARACTERISTICS OF PROGRAM PARTICIPANTS

Tables III through V provide descriptive information about characteristics of homestead tax credit claimants. Table III shows the aggregate amounts of household income and property taxes and their components as well as the total amount of homestead tax credits received by claimants for 1989 tax year claims. Annual aggregate statistics collected on homestead claimants do not include detailed information on income sources. To provide this information, Table III is based on the last available sample of Wisconsin taxpayers. The 1989 sample included data from 20,000 individual income tax returns, weighted to reflect a total count of 2,258,115 taxpayers. Since it is based on a sample and different year, the totals in Table III differ from those in the other tables.

Table III shows that the largest source of income for homestead claimants was social security, supplemental security income (SSI), and railroad retirement payments (47.3% of total household income). Overall, nontaxable income sources comprised 56.7% of total household income. The remaining 43.3% of total household income was from taxable sources, with wage income comprising over 26% of the total.

Table IV, based on aggregate 1991-92 statistics, shows the distribution of homestead credits by household income. The majority of claimants were in the middle of the homestead income distribution (66% had household income between \$5,000 and \$12,500). This group received over 73% of the total credits and generally had higher average credits than the average for all claimants (the highest average credits went to claimants in the very lowest income groups). Claimants with incomes below the income threshold (\$8,000) represented over 30% of total claimants and received over 35% of the total credits.

**TABLE III**

**Aggregate Amounts Reported for Household Income and  
Property Taxes for 1989 Homestead Tax Credit Claims**

	<u>Total Amount</u>	<u>Percent of Total Income or Property Taxes<sup>1</sup></u>	<u>Average Amount</u>	<u>Count<sup>2</sup></u>	<u>Percent of Total Count<sup>1,2</sup></u>
<b>Taxfilers:</b>					
Wages	\$607,540,630	26.5%	\$7,664	79,269	32.7%
Interest and Dividends	166,919,617	7.3	2,285	73,054	30.1
Other Taxable Income	<u>89,666,705</u>	<u>3.9</u>	<u>1,045</u>	<u>85,818</u>	<u>35.4</u>
Total	\$864,126,952	37.7%	\$6,852	126,112	52.0%
<b>Nontaxfilers:</b>					
Wages, Interest & Dividends	\$119,676,648	5.2%	\$1,576	75,924	31.3%
Other Taxable Income	<u>9,441,660</u>	<u>0.4</u>	<u>1,329</u>	<u>7,104</u>	<u>2.9</u>
Total	\$129,118,308	5.6%	\$1,647	78,366	32.3%
<b>Other Income and Adjustments (for both taxfilers and nontaxfilers):</b>					
Unemployment Compensation	\$15,674,421	0.7%	\$1,623	9,657	4.0%
Social Security, SSI & RR Retire	1,082,852,530	47.3	6,719	161,173	66.5
Pensions and Annuities	79,540,662	3.5	2,065	38,518	15.9
Worker's Compensation	3,247,305	0.1	2,926	1,110	0.5
Support Money (Court Ordered)	11,551,881	0.5	2,262	5,106	2.1
Cash Public Assistance & Relief	7,483,065	0.3	1,434	5,217	2.1
Nontaxable American Indian Income, Clergy Housing Allowance and Resident Manager's Rent Reduction	1,293,483	0.1	2,913	444	0.1
Scholarships, Fellowships, Grants, GI Bill Benefits and Nontaxable Military Compensation	9,961,695	0.4	2,189	4,551	1.8
Depreciation, Capital Gains and Other Preference Items	95,610,022	4.2	2,385	40,086	16.5
Dependent Deduction	<u>-11,221,500</u>	<u>- 0.5</u>	<u>- 423</u>	<u>26,543</u>	<u>11.0</u>
Total Household Income	\$2,289,282,988	100.0%	\$9,443	242,329	100.0%
Property Taxes (Homeowners)	\$162,016,590	71.1%	\$1,200	134,991	55.7%
Rent Equivalent Property Taxes	<u>65,847,951</u>	<u>28.9</u>	<u>574</u>	<u>114,664</u>	<u>47.3</u>
Total Property Taxes or Rent	\$227,864,541	100.0%	\$940	242,329	100.0%
Eligible Property Taxes	\$203,442,267	89.3%	\$840	242,329	100.0%
Homestead Tax Credit <sup>3</sup>	\$102,928,772	100.0%	\$433	242,329	100.0%

<sup>1</sup>Columns may not total to exactly 100% due to rounding.

<sup>2</sup>Totals in columns are not additive because claimants can have more than one source of income (or type of property tax) and, thus, be included in the counts for different types of income (or property taxes). For example, a claimant could receive both social security and unemployment compensation payments and, consequently, be included in the counts for both types of income. A claimant could have moved during the tax year and have paid both rent and property taxes on a home.

<sup>3</sup>These figures represent calendar year data and, therefore, do not tie to any figures in Table II. In addition, these are sample totals and, therefore, will not exactly equal population totals.

SOURCE: 1989 Tax Sample.

**TABLE IV**

**Distribution of Total Homestead Tax Credit  
Payments by Household Income  
1991-92**

<u>Household Income</u>	<u>Number of Claimants</u>	<u>Percent of Claimants</u>	<u>Cumulative % of Claimants</u>	<u>Total Credits</u>	<u>Percent of Credits</u>	<u>Cumulative % of Credit</u>	<u>Average Credit</u>
Less than \$2,500	6,333	2.6%	2.6%	\$3,967,200	3.8%	3.8%	\$626
2,500 - 4,999	13,096	5.3	7.9	6,594,510	6.3	10.1	504
5,000 - 7,499	54,121	22.1	30.0	25,593,600	24.6	34.7	473
7,500 - 9,999	58,022	23.7	53.7	29,814,136	28.6	63.3	514
10,000 -12,499	48,747	19.9	73.5	20,670,464	19.8	83.1	424
12,500 -14,999	34,598	14.1	87.6	11,810,812	11.3	94.5	341
15,000 -17,499	21,854	8.9	96.6	5,041,680	4.8	99.3	231
17,500 -20,000	<u>8,416</u>	<u>3.4</u>	<u>100.0</u>	<u>732,808</u>	<u>0.7</u>	<u>100.0</u>	<u>87</u>
<b>TOTAL</b>	<b>245,187</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$104,225,210</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$425</b>

NOTE: The figures reflect only computerized returns and omit a relatively small number that are handled manually.

Table V is based on aggregate 1991-92 statistics and shows the distribution of homestead credits by household income for renters and homeowners. Approximately 52% of all claimants were homeowners, who had much higher average credits in all income categories. Renters constituted 48% of total claimants and tended to have lower income (67% had incomes below \$10,000, compared to 41% for homeowners). Renters received 39% of total credits, while homeowners received 61%.

Table VI is based on aggregate 1991-92 statistics and shows the distribution of homestead credits by age. Claimants 65 years old or older represented 47% of total claimants and received 48% of total credits. Conversely, only 8% of all claimants were 25 years old or younger and these individuals received 6% of total credits.

**TABLE V**

**Homestead Tax Credits Received by  
Homeowners and Renters by Household Income Level  
1991-92**

Household Income	Homeowners					Renters				
	Number of Claims	Percent of Claimants	Total Credits	Percent of Credits	Average Credit	Number of Claims	Percent of Claimants	Total Credits	Percent of Credits	Average Credit
Less than \$2,500	3,393	1.4%	\$2,652,060	2.5%	\$782	2,940	1.2%	\$1,315,140	1.3%	\$447
\$2,500 - 4,999	4,941	2.0	3,440,897	3.3	696	8,155	3.3	3,153,613	3.0	387
5,000 - 7,499	18,162	7.4	12,026,909	11.5	662	35,959	14.7	13,566,691	13.0	377
7,500 - 9,999	25,874	10.6	17,518,182	16.8	677	32,148	13.1	12,295,954	11.8	382
10,000 - 12,499	26,399	10.8	14,205,817	13.6	538	22,348	9.1	6,464,647	6.2	289
12,500 - 14,999	22,983	9.4	9,142,867	8.8	398	11,615	4.7	2,667,945	2.6	230
15,000 - 17,499	17,691	7.2	4,325,271	4.1	244	4,163	1.7	716,409	0.7	172
17,500 - 20,000	<u>7,654</u>	<u>3.1</u>	<u>671,704</u>	<u>0.6</u>	<u>88</u>	<u>762</u>	<u>0.3</u>	<u>61,104</u>	<u>0.1</u>	<u>80</u>
<b>TOTAL</b>	127,097	51.8%	\$63,983,706	61.4%	\$503	118,090	48.2%	\$40,241,504	38.6%	\$341

NOTE: These figures reflect only computerized returns and omit a relatively small number that are handled manually.

**TABLE VI**

**Homestead Tax Credits by Age  
1991-92**

<u>Age</u>	<u>Claimants</u>		<u>Total Credits</u>		
	<u>Number</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Average Credit</u>
Unknown	14,594	6.0%	\$6,321,914	6.1%	\$433
18 - 25	19,052	7.8	6,153,088	5.9	322
26 - 35	24,624	10.0	9,179,246	8.8	372
36 - 45	21,979	9.0	9,373,190	9.0	426
46 - 55	19,119	7.8	8,944,592	8.6	467
56 - 65	30,336	12.4	13,845,594	13.3	456
Over 65	<u>115,483</u>	<u>47.1</u>	<u>50,407,586</u>	<u>48.4</u>	<u>436</u>
TOTAL	245,187	100.0%	\$104,225,210	100.0%	\$425

**FORMULA CHANGES AND PROGRAM PARTICIPATION**

Assuming no formula changes, homestead participation and credit amounts change over time in three major ways. First, rising income will cause some claimants to exceed the maximum income level (\$19,154). Second, other claimants' income will rise above the income threshold (\$8,000), resulting in diminished credits or no credits. Third, rising property taxes will increase credits, until the tax bill exceeds the property tax limit (\$1,450). Further property tax increases will not increase credits.

The net impact on a claimant's credit depends on the interaction of changes in the claimant's income and property taxes. Generally, if no formula changes are made, the number of eligible claimants decreases over time. To offset this effect, changes can be made to the four formula factors:

Percent of Property Taxes Reimbursed. Increasing this percentage (currently 80%) will

increase credits for all claimants. This will not affect the distribution of benefits or the number of claimants.

Property Tax Limit. Increasing this limit may or may not benefit claimants constrained by the current limit, depending on the interaction of their income and property taxes in the formula. Claimants whose property taxes are under the current limit and whose household income is above the threshold will, if it is the only change made, experience reduced credits due to the interaction of the formula factors.

Maximum Income Level. Increasing this level will benefit all claimants above the threshold factor. This will also increase the number of eligible claimants.

Income Threshold. Increasing this factor will extend maximum benefits (80% of eligible property taxes) to all claimants between the old and new thresholds. All claimants above the new threshold will also receive increased credits.

## **HOMESTEAD AS A MECHANISM FOR PROPERTY TAX RELIEF**

The homestead tax credit program targets property tax relief to low-income households through the income-based formula. The program attempts to address the property tax "burden" on an individual household. For affected households, the homestead credit introduces an ability-to-pay factor into the property tax system. Property tax relief programs paid directly or indirectly to municipalities cannot achieve such income-based targeting.

The homestead program grants relief solely to residential property owners and renters, unlike property tax relief programs paid directly or indirectly to municipalities. Credits paid to local governments benefit all property owners, but do not directly benefit renters. Renters may indirectly benefit from these credits (lower property taxes may result in smaller rent increases), but landlords are not required to pass along these savings.

Since homestead credits are paid directly to individuals and are not provided to all property owners, it is more difficult for local governments to increase spending to "capture" these credits. Taxpayers who receive these credits may offer less resistance to property tax increases, but spending increases would result in higher gross property tax levies and taxpayers not receiving homestead credits would pay higher net taxes.

The homestead program cannot address other objectives frequently cited in property tax relief discussions. For example, it cannot reduce overall municipal tax rates or levies, or equalize tax bases between municipalities. If funds are distributed through the homestead program rather than through credits to local governments, the net nonresidential property tax will increase, although this

type of property may also need relief. Finally, since homestead credits are not automatically applied to tax bills, but must be claimed on an individual basis, it is likely that some individuals who are eligible for these credits will not receive relief.

### **HOMESTEAD PROGRAMS IN OTHER STATES**

Table VII lists the states that had a program similar to our homestead tax credit program in 1991. Including Wisconsin, 32 states and the District of Columbia had a circuit breaker program. Eight states and the District of Columbia made these credits available to all homeowners and all renters. Ten states and the District of Columbia made the credit available to all homeowners. Seventeen states limited the credit only to the elderly.

Compared to other states, Wisconsin's homestead program is broader and more generous than the average program. Wisconsin is one of only eight states and the District of Columbia that allowed all homeowners and renters to participate. Of this group of nine, six had higher maximum income limits than Wisconsin. However, among this group, Wisconsin had the fourth highest maximum benefit.

TABLE VII

States With Homestead Tax Credit Programs  
1991

State	Eligible Taxpayers				Maximum Household Income		Maximum Benefit		Property Tax Rent Equivalent
	All Homeowners	Elderly Homeowners	All Renters	Elderly Renters	(Single/Married)		(Single/Married)		
					Homeowners	Renters	Homeowners	Renters	
Alaska	No	No	No	Yes	NA	None	NA	None	Set Locally
Arizona	No	Yes	Yes	Yes	\$3,750/ \$5,500	\$25,000	\$502	\$40	5%
Arkansas	No	Yes	No	No	15,000	NA	250	NA	NA
California	No	Yes	No	Yes	13,200	13,200	96% of tax	250	\$250
Colorado	No	Yes	No	Yes	7,500/ 11,200	7,500/ 11,200	500	500	20%
Connecticut	No	Yes	No	Yes	18,400/ 22,600	18,400/ 22,600	1,000/ 1,250	700/ 900	35%
Dist. of Columbia	Yes	Yes	Yes	Yes	20,000	20,000	750	750	15%
Hawaii	No	No	Yes	Yes	NA	30,000	NA	50/ 100	NA
Idaho	No	Yes	No	No	15,100	NA	400	NA	NA
Illinois	No	Yes	No	Yes	14,000	14,000	700	700	30%
Iowa	No	Yes	No	Yes	12,000	12,000	100% of tax	100% of tax	27.5%
Kansas	Households with dependent children and Elderly				15,000	15,000	500	500	15%
Maine	Yes	Yes	Yes	Yes	60,000	60,000	3,000	3,000	25%
Maryland	Yes	Yes	No	Yes	Net Assets Less than \$200,000		No Limit	600	15%
Michigan	Yes	Yes	Yes	Yes	82,650	82,650	1,200	1,200	17%
Minnesota	Yes	Yes	Yes	Yes	60,000	35,000	400	1,000	NA
Missouri	No	Yes	No	Yes	14,000/ 16,000	14,000/ 16,000	750	750	20%
Montana	No	Yes	No	Yes	None	None	400	400	15%
Nevada	Yes	Yes	No	Yes	15,100	15,100	500	500	6%
New Jersey	Yes	Yes	Yes	Yes	100,000	100,000	500	500	18%
New Mexico	No	Yes	No	Yes	16,000	16,000	250	250	6%
New York	Yes	Yes	Yes	Yes	18,000	18,000	\$375 (elderly) \$75 (all others)		25%
North Dakota	No	No	No	Yes	NA	13,000	NA	230	20%
Oklahoma	No	Yes	No	No	10,000	NA	200	NA	NA
Oregon	Yes	Yes	Yes	Yes	10,000*	10,000	500	250	17%
Pennsylvania	No	Yes	No	Yes	15,000	15,000	625	500	20%
Rhode Island	No	Yes	No	Yes	12,500	12,500	200	200	20%
South Dakota	No	Yes	No	No	9,000/ 12,000	NA	35% / 55%	NA	NA
Tennessee	No	Yes	No	No	9,200	NA	100% of tax on \$15,000 of value		NA
Utah	No	Yes	No	Yes	16,450	16,450	425	425	95%/25%**
Vermont	Yes	Yes	Yes	Yes	45,000	45,000	1,350	1,350	20%
West Virginia	No	Yes	No	No	5,000	NA	125	NA	NA
Wisconsin	Yes	Yes	Yes	Yes	19,154	19,154	1,160	1,160	20%/25%

\*In Oregon, household assets must be below \$25,000 to qualify for the program.

\*\*In Utah, the property tax rent equivalent varies inversely with income.

## APPENDIX

### Sources of Income Included in "Household Income" Under the Homestead Tax Credit Program

- sum of Wisconsin adjusted gross income
- maintenance payments (except foster care maintenance and supplementary payments excludable under s. 131 of the Internal Revenue Code [IRC])
- support money
- cash public assistance and general relief (not including credits from this program or amounts granted under s. 46.27)
- gross amount of any pension or annuity
- railroad retirement benefits
- social security payments
- veterans disability pensions
- nontaxable interest received from the federal government
- nontaxable interest received from state and municipal bonds
- worker's compensation
- unemployment compensation
- gross amount of "loss of time" insurance
- compensation and other cash benefits received from the United States for past or present services in the armed forces
- scholarship and fellowship gifts or income
- capital gains
- gain on the sale of a personal residence excluded under s. 121 of the IRC
- dividends
- income of a nonresident or part-year resident who is married to a full-year resident
- housing allowances provided to members of the clergy
- amount by which a resident manager's rent is reduced
- nontaxable income of an American Indian
- nontaxable income from sources outside this state
- nontaxable deferred compensation
- intangible drilling costs
- depletion allowances and depreciation, including first-year depreciation allowances under section 179 of the IRC
- amortization
- contributions to individual retirement accounts
- contributions to Keogh plans
- net operating loss carry-forwards
- capital loss carry-forwards