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Authors: Doty and Tschumper

Subject: Expanding eligibility for the senior property tax deferral program

Analyst: Karen Baker (651 296-8959)
Nina Manzi (651 296-5204)

Overview

Expands eligibility for the senior citizen property tax deferral program by:

- changing the age requirement so that only one spouse in a married couple must be at least 65 years old at the time the initial deferral is granted

- increasing the maximum income eligible from $60,000 to the maximum eligible under the homeowner property tax refund program. For taxes payable in 2007, the maximum would be $91,119, and would be adjusted annually for inflation in future years

- decreasing the interest rate on the deferred amount from 5 percent to 0 percent

Effective for applications filed on or after July 1, 2007.

Section

1 **Program qualifications.** Makes two changes to the list of qualifications for the senior citizen property tax deferral program:

- Changes the age requirement so that at the time deferral is first granted only

Section

one spouse must be at least 65 years old. Requires the other spouse to be at least 62 years old. Under present law both spouses must be at least 65 years old for a married couple to qualify for the deferral.

- Ties the maximum income eligible to the maximum eligible for the homeowner property tax refund program. For deferral applications filed on or after July 1, 2007, the maximum qualifying income would increase from the $60,000 under current law to the $91,119 in effect under the property tax refund program. The property tax refund maximum is adjusted annually for inflation, so the maximum income that qualifies for the senior deferral would also increase annually under this section.

2 **Maximum household income.** Requires the commissioner to notify homeowners of the maximum household income that qualifies for the senior deferral program at the time the commissioner notifies homeowners that they have been accepted into the program.

3 **Excess income certification by homeowner.** Requires the homeowner to notify the commissioner if their household income exceeds the amount provided to them by the commissioner at the time they were accepted into the program. The commissioner is then required to compare the homeowner's household income to the maximum in effect for the previous calendar year. If the homeowner's household income is greater than the maximum for the preceding year, the homeowner is not eligible to defer taxes in that year.

4 **Resumption of eligibility.** Provides that a homeowner who became ineligible due to having income over the maximum allowed may resume participation in the deferral program if their household income falls below the maximum in a subsequent year.

5 **Determination by commissioner.** Provides that homeowners with household income above the maximum allowed are not eligible for the deferral. Current law references the fixed $60,000 amount; this section changes the reference to be to household income as defined in the property tax refund chapter.

6 **Interest on deferred amounts.** Provides that the state will not charge interest on deferred property taxes beginning with property taxes payable in 2008 for current program participants, and all amounts deferred for homeowners applying on or after July 1, 2007. Under current law the interest rate is the same rate used by the Department of Revenue for income and sales tax refunds, except that in the deferral program the rate is limited to a maximum of five percent interest, calculated annually and added to the total amount deferred.