

## CHAPTER 6B

### SENIOR CITIZENS AND DISABLED PROPERTY TAX ASSISTANCE PROGRAM (FOR HOMEOWNERS AND RENTERS)

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#### HIGHLIGHTS

- Type of Relief: Partial relief from the property tax.
  - Eligibility: Persons 62 years or older, blind or totally disabled, receiving income less than specified amounts.
  - When to Claim: Claims must be filed after July 1 annually with the Franchise Tax Board (FTB).
  - Participants: 610,679 participants in fiscal year 2004-05.
  - Cost:

2003-04	\$182.7 million
2004-05	\$182.5 million
2005-06 (estimate)	\$183.9 million
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#### 1. DESCRIPTION OF PROGRAM

The Senior Citizens and Disabled Property Tax Assistance Program for homeowners and renters was enacted 1967, and amended and relocated in 1978. It provides property tax relief to low income senior citizens, disabled, and blind persons by refunding a percentage of property taxes paid. This relief may be claimed in addition to the homeowners' exemption and the Senior Citizens Property Tax Postponement Program.

#### 2. ELIGIBILITY

Seniors must be 62 years of age or older on December 31 of the fiscal year for which assistance is claimed. For example, a claimant must be 62 by December 31, 2004, to be eligible for relief for 2004-05 fiscal year property taxes.

Disabled claimants, regardless of age, must be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months on December 31 of the fiscal year for which assistance is claimed. Blind claimants must have central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. Eligibility includes individuals whose field of vision is limited to a width of no greater than 20 degrees.

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Both renters and homeowners are eligible. If a claimant owns a home part of the year and rents the other part of that year, he or she may file for either the homeowner or renter program, but not both.

Homeowner claimants must own and occupy the residential dwelling on December 31 of the fiscal year for which the relief is sought. "Residential dwelling" includes condominiums, co-op units, mobilehomes subject to property tax, houseboats, and that portion of farm, business or apartment building that is owner-occupied. AB 1636 (Mazzoni), Chapter 928, Statutes of 1999, added floating homes to the definition of "residential dwelling" for purposes of the Senior Citizens' Property Tax Assistance and the Senior Citizens' Property Tax Deferral Program.

Renter claimants must lease a rented residence on or before December 31 of the fiscal year for which relief is claimed. "Rented residence" includes premises occupied by a renter as a principal place of residence, and generally does not include any premises exempt from property taxation. It applies to land only in the case of mobilehome residents where the claimant pays rent for a mobilehome park space.

### **3. INCOME LIMITS**

Each homeowner and renter claimant must have a total household income of \$39,700 or less in 2004 in order to be eligible for the program. This amount is indexed annually for inflation.

Actual relief is computed based on total, not gross household income. Gross household income includes all sources of income from all members of the household (including wages, salaries, pensions, social security payments, etc.) less certain expenses. Total household income includes gross income minus exempt income, such as public assistance payments, and health insurance premiums paid by self-employed individuals.

### **4. COMPUTATION OF RELIEF**

For homeowners, assistance is provided only for the portion of taxes paid on the first \$34,000 of the home's full value, after taking into account the \$7,000 homeowners' exemption. For multi-use properties, only the portion of taxes attributable to owner-occupied use may be used to compute assistance.

For example, the owner of a home valued at \$41,000 or less would be able to count all of his or her property taxes toward computing assistance [ $\$41,000 - \$7,000 = \$34,000$ ]. The owner of a home valued at \$150,000 would not receive assistance on \$109,000 of the value [ $\$150,000 - \$7,000 = \$143,000 - \$34,000 = \$109,000$ ]. Table 9 on the following page shows how the amount of relief is computed.

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**TABLE 9**

CALCULATION OF SENIOR CITIZENS PROPERTY TAX ASSISTANCE  
FOR TAXPAYER WITH TOTAL HOUSEHOLD INCOME (THI) OF \$6,600

<u>Homeowners</u>	<u>Renters</u>
\$150,000.00 Full value of house	\$250.00 Amount of property tax equivalent
- <u>7,000.00</u> Homeowners' exemption	
\$143,000.00 Net value	x <u>1.39</u> Percentage of relief for THI of \$6,600 (from Table 10)
x .01 Tax rate (could be higher in some areas)	\$347.50 Relief under program
\$ 1,430.00 Total tax liability	
\$ 34,000.00 Value eligible for relief	
x <u>.01</u> Tax rate	
\$ 340.00	
x <u>1.39</u> Percentage of relief for THI of \$6,600 (from Table 10)	
\$ 472.60 Relief under program	
\$ 1,430.00 Total tax liability	
- <u>472.60</u> Relief under program	
\$ 957.40 Net tax burden	

Property taxes must be paid prior to the granting of assistance. This requirement may be waived for "reasonable cause".

For renters, the procedure differs, because renters do not pay property taxes directly. Instead, a portion of their rent is generally attributable to their landlord's property taxes. For administrative ease, all renters' assistance is computed on the basis of a "property tax equivalent." Reimbursement equals a percentage of the property tax equivalent amount (see Table 9). Each renter-claimant in the same household who qualifies is eligible to receive the full amount of assistance. The assistance payment is reduced by one-twelfth for each month of the calendar year that the renter-claimant is not a renter.

As Table 9 shows, the amount of the relief is inversely related to the amount of total household income. In other words, the lower the total household income, the higher the assistance and vice versa.

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**TABLE 10**

**SENIOR CITIZENS PROPERTY TAX ASSISTANCE\***

<b>If the Total Household Income**</b>	<b>Percent of Relief provided</b>
\$ 0 - \$ 9,923	139%
\$ 9,924 - \$10,585	136%
\$10,585 - \$11,247	133%
\$11,248 - \$11,909	131%
\$11,910 - \$12,571	128%
\$12,572 - \$13,233	125%
\$13,234 - \$13,894	122%
\$13,895 - \$14,556	119%
\$14,557 - \$15,218	116%
\$15,219 - \$15,880	113%
\$15,881 - \$16,540	110%
\$16,541 - \$17,202	106%
\$17,203 - \$17,965	100%
\$17,866 - \$18,527	94%
\$18,528 - \$19,188	88%
\$19,189 - \$19,849	83%
\$19,850 - \$20,511	77%
\$20,512 - \$21,172	71%
\$21,173 - \$21,826	65%
\$21,837 - \$22,497	59%
\$22,498 - \$23,159	54%
\$23,160 - \$23,819	49%
\$23,820 - \$24,480	45%
\$24,481 - \$25,144	41%
\$25,145 - \$25,805	36%
\$25,806 - \$26,466	32%
\$26,467 - \$27,127	29%
\$27,128 - \$27,789	26%
\$27,790 - \$28,450	23%
\$28,451 - \$29,112	20%
\$29,113 - \$29,774	17%
\$29,775 - \$31,429	15%
\$31,430 - \$33,083	12%
\$33,084 - \$34,737	10%
\$34,738 - \$36,391	9%
\$36,392 - \$38,045	7%
\$38,046 - \$39,699	6%
\$39,700 And Over	0%

\* For homeowners, percentage is applied to tax on the first \$34,000 of value. For renters, percentage is applied to the renter's property tax equivalent of \$250.

\*\*Total household income figures are indexed annually for inflation. The values shown apply to 2005.

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Both homeowners and renters use the same schedule for calculating assistance as shown in the table above.

**5. APPLICATION PROCEDURE**

Claimants must file an annual application with FTB, which administers the program. The application must be filed between July 1 and October 15 of the fiscal year for which assistance is sought. For example, claimants who wish relief on their 2004-05 fiscal year taxes must file between July 1, 2005 and October 15, 2005. However, despite the October due date, FTB will accept claims through June 30, 2006. No request for extension need be made. Relief checks are mailed after the budget for the 2005-06 fiscal year is signed into law.

**6. COST**

The 2004-05 fiscal year total amount paid to claimants was approximately \$182.5 million, based on 610,451 claims for that year. The average payment in that fiscal year was approximately \$264 for homeowners and \$310 for renters.

**7. CODE**

Revenue and Taxation Code Sections 20501-20564

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