

CHAPTER 6B

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

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: 638,416 participants in fiscal year 2007-08.
- Cost:

| | |
|--------------------|---------------|
| 2006-07 | \$184 million |
| 2007-08 (estimate) | \$185 million |
| 2008-09 (estimate) | \$0.00** |

*Source: Franchise Tax Board

** The state budget approved for the 2008-09 fiscal year deleted funding for the Homeowner and Renter Assistance Program. Because there is no funding in the state budget for this program, 2008 claims cannot be paid or processed until and unless funding is restored.

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, 2007, to be eligible for relief for 2007-08 fiscal year property taxes.

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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.

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 \$42,770 or less in 2006 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.

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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.

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.

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As Table 10 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*

| If the Total Household Income** | Percent of Relief provided |
|---------------------------------|----------------------------|
| \$ 0 - \$10,691 | 139% |
| \$10,692 - \$11,403 | 136% |
| \$11,404 - \$12,117 | 133% |
| \$12,118 - \$12,830 | 131% |
| \$12,831 - \$13,543 | 128% |
| \$13,543 - \$14,257 | 125% |
| \$14,258 - \$14,969 | 122% |
| \$14,970 - \$15,682 | 119% |
| \$15,683 - \$16,395 | 116% |
| \$16,296 - \$17,109 | 113% |
| \$17,110 - \$17,819 | 110% |
| \$17,820 - \$18,533 | 106% |
| \$18,534 - \$19,247 | 100% |
| \$19,248 - \$19,960 | 94% |
| \$19,961 - \$20,672 | 88% |
| \$20,673 - \$21,384 | 83% |
| \$21,385 - \$22,097 | 77% |
| \$22,098 - \$22,810 | 71% |
| \$22,811 - \$23,524 | 65% |
| \$23,525 - \$24,237 | 59% |
| \$24,238 - \$24,950 | 54% |
| \$24,951 - \$25,661 | 49% |
| \$25,662 - \$26,373 | 45% |
| \$26,374 - \$27,089 | 41% |
| \$27,090 - \$27,801 | 36% |
| \$27,802 - \$28,513 | 32% |
| \$28,514 - \$29,226 | 29% |
| \$29,227 - \$29,938 | 26% |
| \$29,939 - \$30,651 | 23% |
| \$30,652 - \$31,363 | 20% |
| \$31,364 - \$32,077 | 17% |
| \$32,078 - \$33,860 | 15% |
| \$33,861 - \$35,641 | 12% |
| \$35,642 - \$37,424 | 10% |
| \$37,425 - \$39,206 | 9% |
| \$39,207 - \$40,987 | 7% |
| \$40,988 - \$42,770 | 6% |
| \$42,771 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 2007.

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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. Typically, the filing period for current year claims would have begun July 1, 2008, with assistance available through October 15, 2008. However, the state budget approved for the 2008-09 fiscal year deleted funding for the Homeowner and Renter Assistance Program. Because there is no funding in the state budget for this program, 2008 claims cannot be paid or processed until and unless funding is restored.

6. COST

During the 2007-08 fiscal year, 611,083 claims were paid. The total amount paid to claimants was approximately \$186 million. The average payment in that fiscal year was approximately \$304.

7. CODE

Revenue and Taxation Code Sections 20501-20564