

To Make Property Taxes Affordable, Colorado Voters will Consider Tax Reductions on their Ballot

Institute on Taxation and Economic Policy explores property tax circuit breakers

COLORADO, UNITED STATES, May 12, 2023 /EINPresswire.com/ -- The November ballot will feature broad-based property tax reduction proposals thanks to Colorado

legislators. The referred measure, Proposition HH, also includes an expansion of Colorado's Senior Property Tax Homestead Exemption, which will allow residents to downsize and keep their exemptions, as well as funds for rental assistance programs.



As Colorado leaders continue to address housing affordability, a targeted property tax circuit breaker for renters could be another important tool to build on the steps voters can take in November.

What are circuit breakers? They work exactly how they sound: they prevent homeowners and renters from being "overloaded" by property taxes that go beyond what they can afford to pay. Under most circuit breakers, property taxes above a certain percentage of income are deemed unaffordable and credited back to the taxpayer.

A report released today from the Institute on Taxation and Economic Policy explores property tax circuit breakers and includes a discussion of the 2/3rd of states that have property tax circuit breakers for renters.

The key findings:

More than two-thirds of states with circuit breakers (21 out of 30) extend their programs to at least some renters, and Oregon provides its circuit breaker exclusively to renters. Including renters is especially vital to ensuring that people of color can benefit, as centuries of racial exclusion and discrimination have meant people of color of all ages are much more likely to rent and to work in jobs with lower wages.

Most states (29 and the District of Columbia) offer some kind of circuit breaker in 2023, though these policies vary widely in size and scope. Another 16 states offer an income-limited property tax cut that falls short of being a true circuit breaker. Just five states do not offer any kind of income-targeted property tax break at all: Arkansas, Kentucky, Mississippi, South Carolina, and Texas.

Slightly more than half of states with circuit breakers (17 out of 30) target property tax cuts exclusively to seniors, even though other households are susceptible to a property tax “overload” as well. For example, people who have recently lost their jobs or who live in gentrifying areas.

Circuit breakers are most effective when their benefits are large enough to meaningfully lower property taxes, their eligibility criteria are not overly restrictive, and residents know about them and can easily access them.

“If you’re trying to improve property tax affordability, there’s no policy better suited to the task than circuit breakers. It’s the only policy option that even tries to measure how much property tax a family can actually afford to pay,” said Carl Davis, ITEP’s research director and an author of the report.

“CFI supports any effort to target property tax and housing affordability to the Coloradans who need it the most. The Colorado General Assembly took some important steps to ensure that homeowners in quickly gentrifying areas, older Coloradans, and renters would benefit from Proposition HH, but as this report shows, a property tax circuit breaker for renters could be an important piece of the puzzle.” Kathy White, Executive Director, Colorado Fiscal Institute.

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