

## Previous Tax Rebate Programs

**Previous Tax Rebate Programs:** ‘Property tax rebate’ programs were administered by the City in 1990 and 2010.

### Background

Since 1990, there have been two City programs referred to as property tax rebates. The form and reasons for both are discussed below.

#### 1990 Levy Reduction / Property Tax ‘Rebate’

The City’s 1990 budget included a \$25 million reduction in the City’s property tax levy that was sometimes referred to as a rebate. It was paid for by an 18% increase in state income taxes that was split between state education funds and municipal governments, aimed at reducing property taxes statewide. Reports from that time estimate that the ‘rebate’ resulted in a reduction of \$17-\$25 in the annual bill for a \$70,000 house, and indicate that it was offered as partial relief from the increase in state income taxes.

#### 2010 City Property Tax Rebate Program

In 2009, the City offered a property tax relief program funded with \$35 million in parking meter concession revenues. The program was established in response to the anticipated expiration of the Alternative General Homestead Exemption (AGHE). The AGHE, first implemented by the State in 2003, created a 7% cap on the annual increase in taxable property value up to designated maximum amounts. This was intended to counter the substantial growth in real estate values seen earlier in the decade.

The City’s property tax relief program offered homeowners a \$25-\$200 grant in the form of a check card, depending on the amount of the increase in their property taxes and their income:

Property Tax Increase	Income (in thousands)				
	\$0-\$25	\$25-\$50	\$50-\$100	\$100-\$150	\$150-\$200
\$50-\$99	\$25	\$25	\$0	\$0	\$0
\$100-\$149	\$75	\$50	\$0	\$0	\$0
\$150-199	\$100	\$75	\$50	\$0	\$0
\$200-\$249	\$125	\$100	\$75	\$50	\$0
\$250-\$299	\$150	\$125	\$100	\$75	\$50
\$300-\$349	\$175	\$150	\$125	\$100	\$75
\$350+	\$200	\$175	\$150	\$125	\$100

In order to receive the grant, homeowners were required to complete a two page application and submit additional information confirming eligibility. Application forms were made available online and at City service centers, libraries, and aldermanic offices. In addition to the application, homeowners were

required to provide a copy of their current tax bill, a photo ID, and a signed affidavit verifying their income. Application forms could be returned either via mail or at one of the City's Tax Assistance Centers and were accepted from January through March of 2010.

Of the estimated 200,000 eligible homes, 36,621 homeowners applied for the grant. Some did not qualify because their tax increase did not meet the threshold amount, others had missed exemptions in prior years and chose to take advantage of those instead of the rebate, and some simply decided not to complete all the necessary steps in the application process. In addition, those with outstanding debt owed to the City were not eligible for the rebate. In total, 17,068 grants were distributed with a value of \$2.1 million. The average grant amount was \$150. The grant/rebate was subject to state and federal income taxes. The program was not renewed after 2010.

### **Legal Authority**

The City has the authority to set its property tax levy each year through action of the City Council. However, any changes to property tax rates or exemptions from property taxes must be approved at the State and/or County level. The 2010 property tax relief program was shaped not as an exemption, but as a grant program funded with non-property tax revenues—parking meter concession revenues—and was dependent on home values and household income.