

Property Tax Breaks for Retirees

Planning to buy a home in a different state? Property taxes should be examined because they can be quite a bit higher than income taxes in many places.

If you're scouting around for a new place to live in retirement, you need to consider sales, property and any other local taxes in addition to income tax rates. If you're planning to buy a home in your new location, property taxes should be examined closely, because they can be quite a bit higher than income taxes in many places. This is especially true in popular retirement locations that have low or no income taxes, such as Arizona, Florida, Nevada, South Carolina, Tennessee and Texas.

You also should educate yourself about the property tax breaks, if any, available to senior citizens in each locale. They can cut down your property tax bill significantly if you qualify.

What You Should Look For

Those tax breaks come in different forms—exemptions, tax credits, deferrals and rate freezes. They also come with different restrictions, such as qualifications based on age, income or length of residence. Examine each one carefully. To give you a sense of what to look for, here are a few examples of the hundreds of individual property tax breaks available to seniors nationwide:

- **Arizona.** Homeowners who are at least 65 years old, have lived in their primary residence for at least two years and fall below certain income limits (for 2020, one owner of a property must have total income of \$37,584 or less, and multiple owners of a property must have a combined income of \$46,980 or less) can have the valuation of their property frozen for three years.
- **California.** Homeowners age 62 or older can postpone payment of property taxes. You must have an annual income of less than \$35,500 and at least 40% equity in your home. The delayed property taxes must eventually be paid (payment is secured by a lien against the property).
- **Oklahoma.** Seniors age 65 or older with income below \$12,000 can claim an income tax credit for the amount that their property tax exceeds 1% of total income, up to \$200.
- **South Carolina.** For senior homeowners, the first \$50,000 of their home's fair market value is exempt from local property taxes. To qualify, you must be at least 65 years old and have been a legal resident of South Carolina for one year, as of July 15 the year the exemption is claimed.
- **Texas.** For homeowners age 65 or older, \$10,000 of the home's assessed value is exempt from school taxes. Other taxing units may also offer an exemption of at least \$3,000 to

senior citizens.

- **Wisconsin.** The Wisconsin Housing and Economic Development Authority provides property tax deferral loans for homeowners age 65 or older with an income under \$20,000.

Coronavirus-Related Property Tax Relief

Temporary property tax relief triggered by the coronavirus outbreak may also be available to retirees. "Many states are, of course, modifying tax-related due dates due to the COVID-19 pandemic," says Emily Baugh, senior analyst at Wolters Kluwer Tax & Accounting.

Retirees can also take advantage of other coronavirus-related property tax relief measures for all residents, not just senior citizens. For example, Iowa and Indiana are temporarily waiving penalties for property taxes paid late.

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