



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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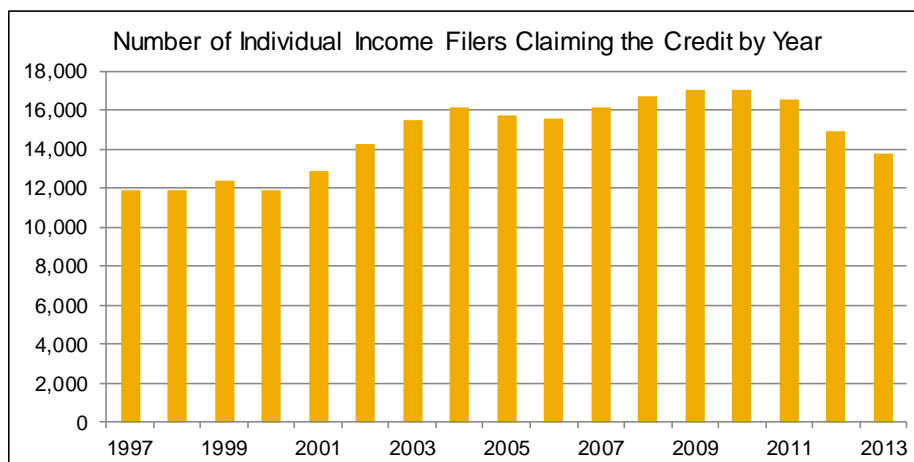
Director
AMY CARLSON

DATE: September 25, 2014
TO: Revenue & Transportation Interim Committee
FROM: Stephanie Morrison
RE: Elderly Homeowner/Renter Credit

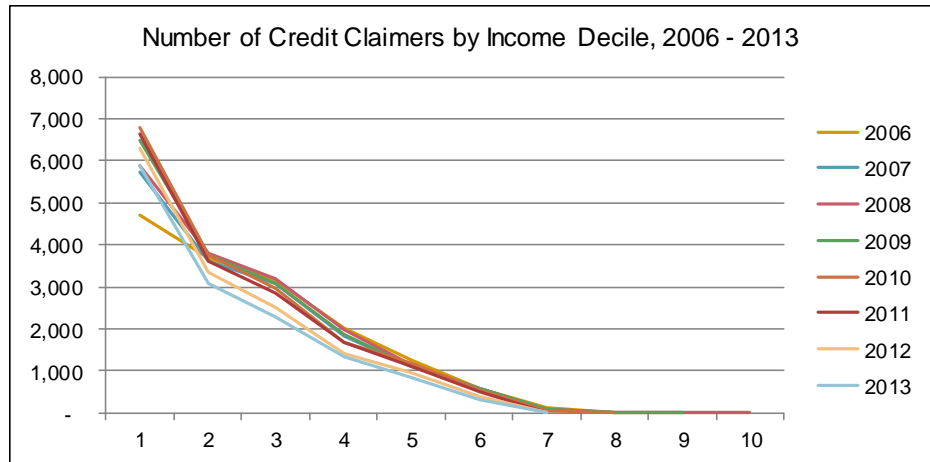
Taxpayers who are age 62 or older and have a household income of less than \$45,000 may be eligible for the elderly homeowner/renter credit ([15-30-2337, MCA](#) to [15-30-2341, MCA](#)). The credit refunds part or all of the property tax a homeowner pays directly or a renter pays indirectly that is more than a certain percentage of household income. The credit is limited to a maximum of \$1,000 per household.

The data for this analysis comes from individual income tax returns. Individuals who are not required to file a tax return may still receive the elderly homeowner/renter credit by filing a separate form 2EC. Detailed data from the 2EC forms is not readily available, so the income statistics displayed in the charts relies only on those credit claimers who file income tax returns. Since 2007, the amount of credits claimed through the separate 2EC form is about 25% of the amount claimed through tax returns.

The chart below shows the number of individual income tax filers who have claimed the elderly homeowner/renter credit since 1997.



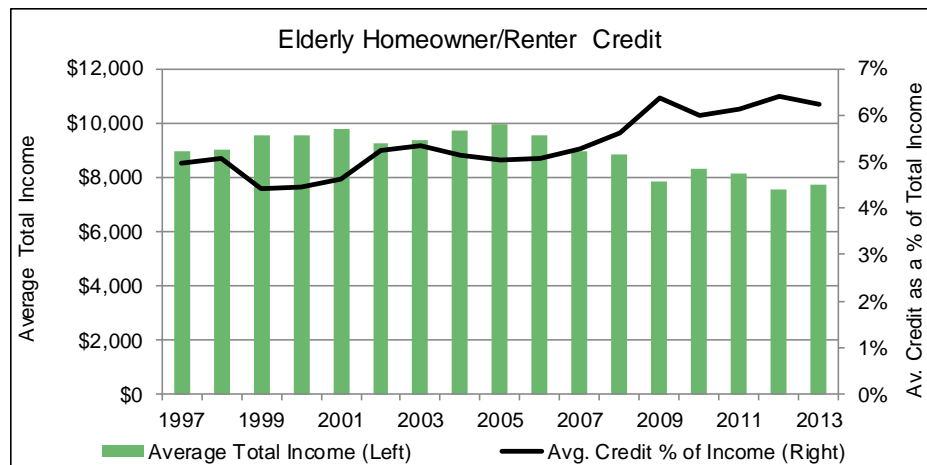
As the adjacent chart shows, the individuals claiming the credit are concentrated at the low end of the income distribution of all taxpayers. The chart shows the number of credit claimers by income decile for 2006 through 2013. Each decile represents 10% of all taxpayers with greater than \$0 in total income for a given year; the maximum income for each decile is shown in the table below:



Decile	2006	2007	2008	2009	2010	2011	2012	2013
1	\$5,263	\$5,202	\$5,415	\$5,511	\$5,862	\$5,951	\$6,158	\$6,322
2	10,178	10,248	10,625	10,644	11,238	11,387	11,813	12,224
3	15,544	15,862	16,326	16,171	16,886	17,198	17,754	18,389
4	21,328	21,966	22,465	22,221	23,122	23,629	24,416	25,308
5	28,564	29,479	30,001	29,469	30,736	31,607	32,660	33,831
6	37,891	39,210	39,739	39,018	40,730	42,109	43,661	45,286
7	50,065	52,166	52,682	51,733	53,910	55,836	58,040	60,245
8	66,049	68,908	69,578	68,560	71,296	73,882	77,122	79,910
9	91,896	95,987	96,562	94,982	98,555	102,426	106,903	111,163
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Note that since 2009, 8.4% of credit claimers had negative total incomes; these claimers are included in the lowest decile. The credit claimers with negative incomes account for on average 11.6% of the amount of credit claimed.

In the chart to the right, the green bars depict the average total income of the filers who claim the credit and the black line depicts the average value of the credit as a percentage of the average total income of the filers who claim the credit. The average total income of filers who claim this credit has been around \$8,000 in recent years, with the credit accounting for over 6% of total income.



In 2013, 13,756 full year resident individual income tax filers claimed this credit for a total credit amount of \$6,608,064 and an average credit amount of \$480.