

April 23, 2024

Testimony in support of H7208

Updating and Expanding Property Tax Relief Law

To: Chair Marvin Abney and Members, House Finance Committee

From: Maureen Maignet, Policy Advisor

(401) 787-1044



**Senior Agenda
Coalition of RI**

70 Bath Street
Providence, RI 02908

I thank Rep. Cotter and the co-sponsors of this bill for recognizing that increasing the income limits and credits or refunds for the state Property Tax Relief Law is one way to bring a bit of relief to the crushing housing cost burden faced by many lower and middle income older Rhode Islanders and persons with disabilities on Social Security Disability (SSDI).

The Senior Agenda Coalition of Rhode Island is an organization working to make the voices of older adults heard and to improve their quality of life which includes their economic security.

Affordable and accessible housing options are essential for older adults to live safely at home where the vast majority prefer to live. Rising housing costs and rents are burdening many older adults especially those living mostly on fixed incomes as rampant inflation for many basic goods including the cost of housing has increased their financial burden.

One-third of older homeowners are cost-burdened, paying 32% or more on housing costs as are half of older renters. RI's high property taxes contribute to the housing cost burden.

The state Property Tax Relief law was enacted in 1977 with an upper income of \$25,000 to bring relief to low-income older adults and persons with disabilities who rent or own their home. The income cap was raised to \$30,000 in 1999 and again in 2022 to \$35,000 with an annual inflation adjustment. The law provides a state tax credit (or refund), for older persons and persons on SSDI with incomes up to this level. The credit is capped at \$650. For renters, refunds are calculated based on 20% of rent paid in cash up to the credit cap.

H7208 raises the income cap from \$37,870 to \$50,000 starting in tax year 2025 and increases the maximum credit from \$600 to \$850. While the law provides for annual adjustments based on the CPI-U, it fails to reflect the significant trends in the state's real estate market. The median home price in RI increased 16.2% to \$459,400 last year (REDFIN report) and the average rent is \$2,250 (Zillow RI report). For an older renter with income of \$27,000 paying \$1,200/month in rent this bill would increase the refund/credit to \$800. I would point out that Massachusetts has raised its income eligibility to \$86,000 for a single head of household (\$103,000 for married couples) and raised maximum the credit up to \$2,590.

I know you are considering millions of dollars to build, renovate and preserve desperately needed affordable housing. However, these efforts will take time. Passing this bill will provide more immediate and welcome fiscal relief. I urge you to recommend passage of the bill. Thank you.