

NEWS RELEASE

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DC HOMEOWNER PROPERTY TAXES LOWEST IN REGION, NEW ANALYSIS FINDS

DC homeowners' property assessments may have risen steeply in recent years, but their property tax bills have not, according to an analysis of the city's property tax database by the DC Fiscal Policy Institute. In fact, DC homeowners had the lowest property tax bills in the region in 2007, and most have seen their taxes go down – or increase only modestly – in recent years.

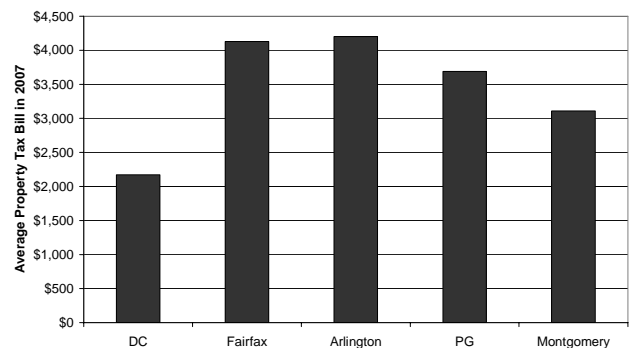
“Many homeowners see rising assessments and assume their property taxes have also increased,” said Katie Kerstetter, a research associate at DCFPI and author of the analysis. “Yet property tax bills actually have *decreased* for many DC homeowners over the past three years.”

Several steps have been taken in recent years to lower homeowner property taxes, including an increase in the Homestead Deduction, a cut in the property tax rate, and the establishment of a 10 percent cap on annual increases in taxable assessments.

- **In 2007, DC homeowners had the lowest property taxes in the region.** Among homes selling for \$500,000, for example, DC homeowners paid an average tax of \$2,170, compared to \$3,110 in Montgomery County, \$3,690 in Prince George's County, and over \$4,200 in Arlington and Fairfax counties.
- **Half of all DC homeowners are paying less in property taxes in 2008 than in 2005.** Another 36 percent have seen tax bills grow less than five percent per year since 2005.

Yet, DC's homeowner property tax rate likely will continue to decrease in the future due to a “calculated rate” provision, which automatically triggers a cut when property tax collections grow more than seven percent per year. The calculated rate was triggered in both 2007 and 2008, although it is not expected to be triggered in 2009.

Comparison of Property Tax Bills for Homes with Average Sales Prices of \$500,000



The DCFPI report recommends elimination or at least suspension of the calculated rate – particularly given an expected economic slowdown – since it has already succeeded in lowering DC's property taxes to the lowest in the region. Instead, the report argues that any property tax relief should target low-income renters – who have not benefited from recent property tax reductions – and low-income homeowners, who are the most likely to be burdened by property taxes.

“If further property tax relief is considered this year, it should go to those most likely to be affected by an economic downturn: low-income homeowners and renters,” Kerstetter said.

The DCFPI analysis also includes neighborhood level data on DC property taxes. The full analysis can be found at <http://dcfpi.org/?p=136>.

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