



The District's Dime

Going Beyond the Budget Book

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Schedule H—A More Effective Way to Benefit Seniors

By Jessica Fulton

Mayor Gray wants to change the District's tax code to help DC's senior citizens. That's a goal we at the DC Fiscal Policy Institute share. Yet the mayor's budget goes about it backwards. It would re-establish a tax break for income from out-of-state bonds, even though most people who claim that tax break are not retired or low-income. The mayor's budget also would enhance a property tax credit—known as Schedule H—that is targeted on lower-income seniors and other residents who need help, but that was put on the budget's wish list instead of actually being funded.

If the Council wants to target its tax cuts this year to help low-income seniors, fixing Schedule H is the better approach.

The proposal to restore the out-of-state bond tax is touted as a way to ease tax burdens on seniors, but in reality it helps a very different set of residents. In 2008, just [2 percent](#) of households with income from out-of-state bonds — 482 households citywide — were retiree households with incomes below \$50,000. The vast majority of out-of-state bond income goes to households with incomes above \$200,000.

Schedule H, by contrast, is a property tax credit for low-income renters and homeowners who spend an excessive portion of their incomes on property taxes. Because property taxes are tied to home value, not income, they can become unaffordable for some residents. Seniors living on fixed incomes or low-income residents living in gentrifying areas might find their increasing property taxes difficult to pay.

This past December, the DC Council took steps to make Schedule H [more effective](#) for DC residents. The changes made include raising the income eligibility level from \$20,000 to \$50,000 and simplifying complicated rules that limit participation. There are 15,000 seniors in DC with incomes below \$50,000, and many of them would benefit from improving Schedule H, but the Council did not fund these changes.

Mayor Gray included Schedule H in his budget — but as number 15 on a list of things that will be funded only if the city's revenue collections rise. If funded, the changes would benefit both seniors who want to age in place and low-income residents struggling to make ends meet while remaining in the District.

Consider a retiree on a fixed income of just \$30,000 a year and property taxes of \$2,000. Under the current rules, she gets no benefit from the low income property tax credit. However, if the DC Council finds the funding for Schedule H reforms, she could receive a credit of \$800.

As the DC Council tweaks the DC budget to make it even more beneficial to DC residents, they should consider finding funding to support the Schedule H reforms that they have already approved.