Vermont Legislative Research Service

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Property Tax Relief

Property tax relief policies across the United States offer a variety of different methods to reduce or defer the amount owed by homeowners. This report will outline the policies that states utilize to limit the rapid rise in property taxes due to rising home values. These include homestead exemptions, circuit breakers, various property tax deferrals, assessment cap credits, and growth caps on assessed home values. The current property tax relief policies in place in Vermont are detailed and assessed. The median home sale prices and median incomes for each county in Vermont are also provided as a reference for local option policies.

Home Prices and Income Trends in Vermont

Recent data show a disconnect between home prices and household incomes across Vermont. We present 2023 data from the Vermont Housing Finance Agency on the median home sale price and median household income of counties in Vermont in Table 1 (this is the most recent year for which data is available). To illustrate the gap between income and home values we created a graph charting this data (see Figure 1).[1]

The West Central Vermont Comprehensive Economic Development Strategy Committee compiled a report in 2023 detailing economic indicators in that region, including research on the housing market. The committee found that the West Central Vermont region is experiencing a housing shortage as well as rapidly rising home prices. These factors have constricted the ability of workers to move to and live in the West Central region of the state. The Committee states that this has restricted opportunities for economic development as well. Between 2017 and 2021 median home sale prices in the state of Vermont have increased by 28.6%. In the counties in West Central Vermont, Addison County is the only county in the region that saw an increase less than that of the state average. Addison County's median home sale prices increased 21.6% between 2017 and 2021. Chittenden, Rutland, and Washington saw increases of 32%, 33.3%, and 34% respectively (see Figure 2).[2]

[1] Vermont Housing Finance Agency, "Community snapshot," accessed November 12, 2025. https://housingdata.org/profile/snapshot.

[2] West Central Vermont CEDS Strategy Committee, "West Central Vermont Comprehensive Economic Development Strategy," February 1, 2023, https://static1.squarespace.com/static/605255aa9c65c65a0b63cd07/t/647a49dde5e1f60246da3689/1685735924112/FINAL_CEDS_20230531.pdf.

Table 1: Median Home Sale Prices and Household Income by Vermont County[3]		
County	**Median Primary Home Sale Price**	**Median Household Income**
Essex County	$185,000	$58,985
Rutland County	$240,000	$64,778
Caledonia County	$232,284	$66,075
Orleans County	$225,000	$66,426
Windham County	$282,000	$68,021
Lamoille County	$310,000	$69,897
Bennington County	$275,000	$71,494
Windsor County	$315,000	$75,247
Orange County	$299,000	$77,328
Franklin County	$310,000	$79,078
Washington County	$320,500	$79,853
Addison County	$350,000	$88,478
Grand Isle County	$390,000	$90,625
Chittenden County	$460,500	$94,310
Vermont	$325,000	$78,024

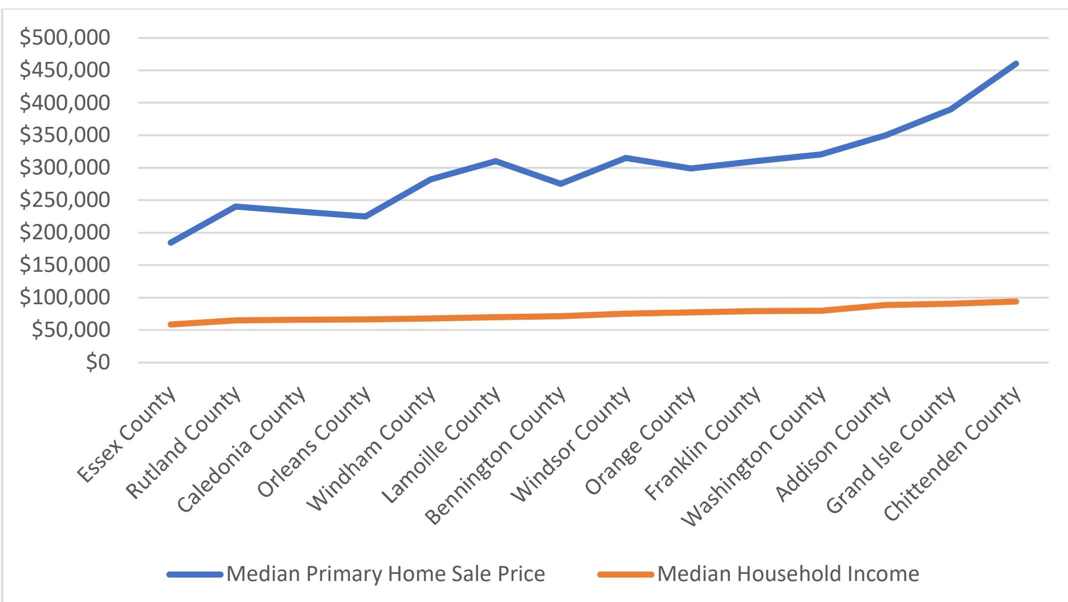

Figure 1: Median Home Sale Prices and Household Income by Vermont County[4]

[3] Vermont Housing Finance Agency, "Community snapshot."
[4] Vermont Housing Finance Agency, "Community snapshot."

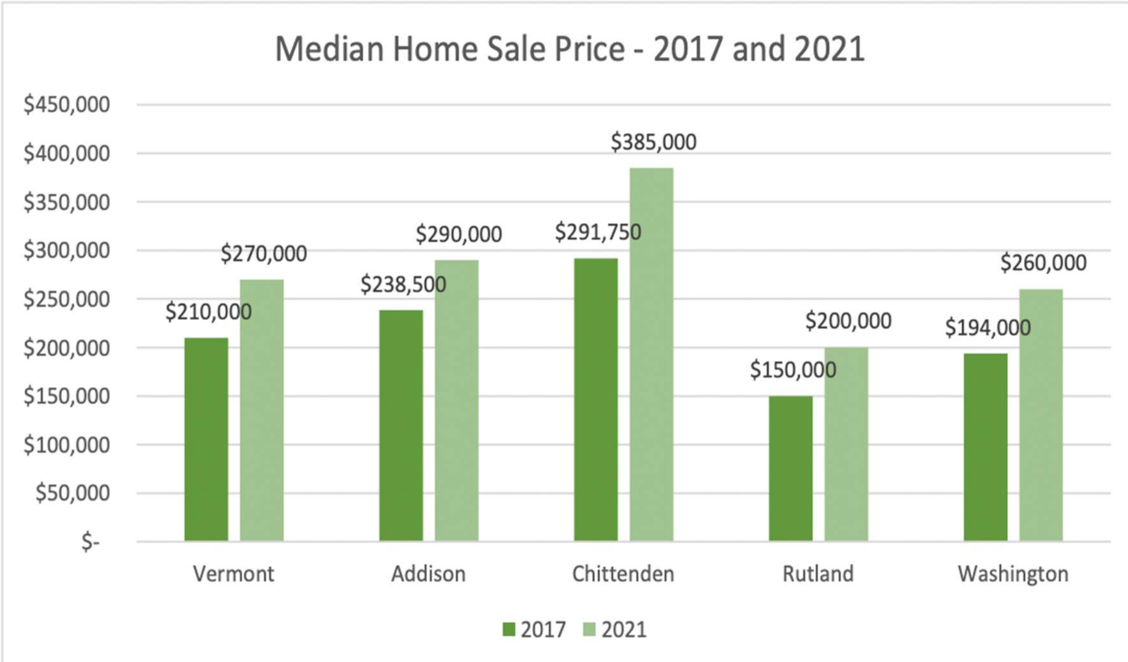

Figure 2: Changes in Median Home Sale Prices in West Central Vermont 2017-2020[5]

Vermont Tax Policies

In 2022 Vermont had the highest property tax burden in the nation as measured by the percentage of personal income.[6] Property taxes accounted for around 19% of all state and local revenue, placing the state as the sixth highest state in terms of total property taxation as a percentage of both state and local revenue.[7] Vermont is one of seven states which does not impose state limitations on property tax rates, levies, or assessments. Since the state relies on local assessments, it uses the common level of appraisal (CLA) in order to mitigate assessment differences from town to town. The CLA measure the local assessments to fair market values. [8]

Vermont Homestead Declaration

Vermont law mandates that eligible property owners annually file a Homestead Declaration by April 1 to secure the homestead rate. This classification determines what the educational property tax is, as all properties are subject to the tax, but homestead properties face a lower rate.[9]

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[5] West Central Vermont CEDS Strategy Committee, "West Central Vermont Comprehensive Economic Development Strategy."
[6] Lincoln Institute of Land Policy and George Washington Institute of Public Policy, "State-by-State Property Tax at a Glance," *Significant Features of the Property Tax*, accessed November 29, 2025, https://www.lincolninst.edu/data/significant-features-property-tax/state-state-property-tax-glance.
[7] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[8] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[9] Vermont Department of Taxes, "Homestead Declaration | Department of Taxes," Accessed November 16, 2025, https://tax.vermont.gov/property-owners/homestead-declaration.

Vermont Circuit Breaker Program

The Vermont Property Tax Credit is applied to properties that qualify as a homestead and additional eligibility requirements, one being household income limit, of $115,400. The maximum credit is $5,600 for the State education property tax and $2,400 for municipal property tax portions.[10]

State Property Assessment

In 31 out of 50 states, plus DC, property assessment is done on a county-by-county basis.[11] In other states assessments are carried out on a statewide basis, as in Maryland, or by municipal governments, like towns and cities, such as in Connecticut.[12]

Not all states impose levies on property taxes at 100% of market value. In Alabama residential property is assessed at 10% of market value, meaning that a home with a value of $100,000 is assessed at $10,000.[13] In addition, assessed value is not based on market value in all states. For example, in Arizona, beginning in 2015, property is levied on limited property value (LPV), limited in its annual increase and is never able to exceed full cash value (FCV), which is equal or less than market value, and continues to be estimated.[14]

In 25 states, property tax systems permit a classification of property, administering separate treatment by local governments. These systems often result in lower residential property taxation than on other classes of property, such as commercial or industrial. This classification is done in two different ways by select states. In Rhode Island for example, local governments apply separate tax rates to different classified properties. In others, assessment ratios differ upon three property classes, as in Nebraska which applies a 100% market value assessment on both non-agricultural real property and personal property, but a 75% assessment for agricultural land.[15]

State Property Tax Caps, Limits, and Ceilings

A 2024 report by the Lincoln Institute of Land Policy shows that 45 states along with the District of Columbia place restrictions on property taxes either by limiting rates, levies, or growth in assessed values, or a combination. Limits on property tax rates were recorded in 36 states, while 33 had property tax levy limits, including DC, and in 19 other states there was a restriction on property value growth through imposed assessment limits.[16]

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[10] Vermont Department of Taxes, "Property Tax Credit | Department of Taxes," Accessed November 16, 2025. https://tax.vermont.gov/property/property-tax-credit.
[11] Bethany P. Paquin, Kim Rueben, Yonhui Um, Joan Youngman, and Sydney Zelinka, Lincoln Institute of Land Policy and George Washington Institute of Public Policy, "State-by-State Property Tax at a Glance," *Significant Features of the Property Tax*, accessed November 29, 2025, https://www.lincolninst.edu/data/significant-features-property-tax/state-state-property-tax-glance.
[12] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[13] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[14] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[15] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[16] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."

Tax Rate Limits

Tax Rate limits constrain the total property tax rate for each property. For example, California limits the total property tax rate to 1% of assessed value, meaning tax rates cannot exceed this threshold. Some states, such as Arkansas, impose millage limitations to constrain property taxes. A mill is equal to one-thousandth of a dollar. In other words, one mill is one dollar per $1,000 in accessed value. Arkansas limits counties to 21 mills of property tax and 20 mills for cities. This means that Arkansas counties are limited to $21 of tax for every $1,000 of assessed property value, and the cities maximum they can collect is $20 for every $1,000 of assessed value.[17]

In Illinois the Property Tax Extension Limitation Law (PTELL), effective since June 30, 2006, set a cap on taxes raised based upon the referenda options outlined in the statutes. This sets a limit on the increase in tax rate subject to the PTELL limiting rate. This rate is the "tax rate that allows the district to impose the amount of taxes allowed under the extension limitation."[18] This law restricts how much local governments can increase the total property taxes they collect each year. This limit was enacted to give voters more control over millage rates locally.[19]

Assessment Limits

Assessment Cap Credit: Reassessment of a property's value is used to compute the amount of property taxes an owner must pay that year. An "assessment cap credit" limits the increase of taxable home value to a specified level. The property is assessed at its full value, but any tax because of reassessment that exceeds a certain level is waived. The goal of these policies is to target areas experiencing rapid value increases, not adjusted for income or how burdensome the tax is on the owner. District of Columbia, put in place these tax credits in 2002, starting at 25% then decreasing to 12% in 2003 and then to 10% in 2004. Maryland also has a state-level cap of 10% but gave local governments the power to set the limit lower. Nine out of twenty-three counties have set a lower limit, and one county allows no increase in taxes due to reassessment.[20]
Growth Cap on Accessed Value: Similar to an assessment cap credit, a few states have adopted a growth cap on assessed value. These laws limit the assessed home value itself, unlike an assessment cap credit that limits how much of the assessment is taxed. Under California's Proposition 13 (1978), the assessed value of a property can increase by no more than 2% each year. When a property is sold or newly constructed it is reassessed at its current market value, resetting the cycle. From 1970-2000 average tenure length by renters and owners increased by 1.04 and 0.79 years when compared to other states.[21]

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[17] Wayne Miller, Vuko Karov, Stacey McCullough, "Administration of Arkansas' Property Tax," University of Arkansas Division of Agriculture's Public Policy Center, FSPPC114, https://www.uaex.uada.edu/publications/pdf/FSPPC114.pdf.
[18] Illinois Department of Revenue, *Property Tax Extension Limitation Law Changes*, 2006. https://tax.illinois.gov/localgovernments/property/property-tax-extension-limitation-law-changes.html.
[19] Illinois Department of Revenue, "Property Tax Extension Limitation Law Changes."
[20] John H. Bowman, *Property Tax Policy Responses to Rapidly Rising Home Values: District of Columbia, Maryland, and Virginia.*
[21] Nada Wasi and Michelle J. White, "Property Tax Limitations and Mobility: The Lock-in Effect of California's Proposition 13," *NBER* Working Paper No. 11108 (National Bureau of Economic Research, 2005), https://doi.org/10.3386/w11108.

Revenue Limits

Massachusetts's Proposition 2½ establishes both a levy ceiling and an annual growth limit for municipality's revenue. The ceiling establishes that a municipality's total property tax revenue cannot exceed 2.5% of the town's total assessed property value. In practice, this means that a city's ceiling will equal the sum of all assessed value of all taxable property multiplied by 2.5%. Communities that were taxing above the limit when Prop 2½ was passed were required to reduce their tax burden by 15% annually until they reached said limit. Once the ceiling was met, Prop 2½ limits the growth of how much the city collects in property taxes by 2.5% per year. This entire law applies to the municipality's total levy and does not affect an individual's tax bill. Cities in Massachusetts were given the option to increase their levy ceiling by a direct majority vote. Within 15 years of the passing of the law, voters in 3/4ths of municipalities approved a higher ceiling than 2.5%. [22]

State Property Tax Relief and Incentive Policies

In response to concerns about affordability and the increased cost of living, state legislatures have focused on providing property tax relief to homeowners. In 2024, the National Conference of State Legislatures (NCSL) identified at least 12 states (Alabama, Arkansas, Colorado, Iowa, Kansas, Minnesota, Nebraska, New Jersey, South Dakota, Ohio, Vermont, and Wyoming) that enacted some form of property tax relief. Furthermore, voters in at least eight states (Arizona, Colorado, Florida, Georgia, Louisiana, New Mexico, North Dakota, Virginia, and Wyoming) decided on property tax ballot initiatives in the 2024 General Election.[23]

Forty-five states and DC employ some form of direct property tax relief, such as homestead exemptions, for both principal residences and property tax credits. Some states having more than one program. In addition, there are other targeted exemptions to specific taxpayer groups in most states, often including veterans, disabled, and first responders. Further, incentive programs such as abatement programs, or enterprise zone programs, are targeted at economic development and job creation.[24]

Homestead Exemptions

Homestead exemptions offer property tax relief either as a credit against the tax owed or by exempting a portion of a property's value from taxation. Eligibility for these exemptions varies by state, often targeting specific groups such as seniors, veterans, individuals with disabilities, or those with low incomes. However, some states, including California, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Luisiana, Maine, Michigan, Minnesota, Mississippi, Montana,

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[22] David Cutler, Douglas Elmendorf, and Richard Zeckhauser, "Restraining the Leviathan: Property Tax Limitation in Massachusetts," *Journal of Public Economics 71,* no. 3 (March 1999): 313–34.
[23] Eric Syverson and Andrea Jimenez, "State Tax Actions: 2024," National Council of State Legislatures, November 12, 2024, https://www.ncsl.org/fiscal/state-tax-actions-2024.
[24] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."

New Mexico, Utah, Vermont, and select localities in Pennsylvania, provide automatic exemptions on a set amount of property value to all homeowners.[25]

Unique homestead exemption programs exist in several states. For instance, Wisconsin's property tax credit for homeowners is linked to gaming and lottery revenues. Nebraska utilizes a graduated exemption system where the benefit increases as an applicant's income decreases, a model also adopted by Massachusetts, Nevada, and Texas for disabled veterans, where the exemption amount is tied to the degree of disability.[26]

Hawaii also implements a tiered system, offering a basic homestead exemption of $40,000 for individuals under 60, with the exemption amount rising for older age groups. These diverse approaches highlight the varied strategies states employ to provide property tax relief.[27]

Circuit Breakers

Property tax "circuit breaker" programs are designed to help low- and middle- income individuals by limiting the amount of their income that goes towards property taxes. These programs can also extend relief to renters based on their rental payments, which is a key difference from other property tax relief measures.[28] The program is designed to provide "income-targeted" relief to residential taxpayers which will decline as income rises.[29]

Currently, 29 states offer circuit breaker programs for homeowners, though the eligibility criteria differ. While some 16 states have age or disability requirements, 13 others only consider income limits. The number of states providing circuit breakers for renters has decreased by half over the past two decades, with 11 states offering this benefit.[30]

Property Tax Deferrals

Currently in 31 states and the District of Columbia provide tax deferral programs. Often, they are designed to relieve homeowners who are seniors and over the age of 65.[31] They work by allowing homeowners to defer the amount of property tax they owe upfront. These deferred taxes accrue interest and are paid once the person sells the home or are paid by legal heirs and family members if the person passes away.[32] For example, in D.C. if household adjusted gross income is less than $50,000 a year, those over the age of 65 can choose to defer their total property tax bill. However, these deferred taxes accumulate interest at a rate of 8%. Further, the total amount of

[25] Andrea Jimenez and Mandy Rafool, "The Most-Hated Tax—and What States Are Doing About It," National Conference of State Legislatures, May 18, 2023, https://www.ncsl.org/state-legislatures-news/details/the-most-hated-tax-and-what-states-are-doing-about-it.
[26] Jimenez and Rafool, "The Most-Hated Tax—and What States Are Doing About It."
[27] Jimenez and Rafool, "The Most-Hated Tax—and What States Are Doing About It."
[28] Jimenez and Rafool, "The Most-Hated Tax—and What States Are Doing About It."
[29] Lincoln Institute of Land Policy, "State-by-State Property Tax at a Glance."
[30] Jimenez and Rafool, "The Most-Hated Tax—and What States Are Doing About It."
[31] Olivia S. Mitchell, *New Models for Managing Longevity Risk: Public-Private Partnerships*, Oxford University Press, 2022.
[32] Mitchell, *New Models for Managing Longevity Risk*.

the deferred taxes including interest cannot be more than 25% of the assessed value of the home.[33]

Local-option deferrals are designed to allow municipalities to determine property tax deferral options for their residents. For example, in Connecticut municipalities' legislative bodies have the option to vote to defer property taxes "for any owner-occupied residence" if the property tax is more than 8% of the owner's annual income.[34] As most deferrals function, these taxes must be repaid with interest after the homeowners dies or sells the home. Most states and municipalities elect to only offer deferral options to seniors over the age of 65, individuals who are disabled, or veterans.[35]

Property Tax Reduction for Senior Citizens and Disabled People

Policies that address the high cost of property taxes and homeownership for the elderly exist at both the state and municipal level across the United States. As of 2022, certain qualifying seniors in 24 states could defer all their property taxes until they are deceased or choose to sell the home. The most common qualifications for homeowners are that they are age 65 or older and their household income is less than $20,000 a year.[36] However deferral is not the only tactic, the District of Columbia offers a property tax reduction of 50% for homeowners that are over the age of 65 or are disabled.[37] In Vermont, taxpayers who are 65 or older and/or blind "may deduct an additional $1,000 when determining the Vermont Standard Deduction on Form IN-111, Vermont Income Tax Return."[38]

This report was completed on December 8, 2025, by Meryl Hartmann, Haley Hemeon, and Josie Hiers under the supervision of VLRS Director, Dr. Anthony "Jack" Gierzynski and VLRS Deputy Director, Dr. Jonathan "Doc" Bradley in response to a request from Representative Carol Ode.

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[33] John H. Bowman "Property Tax Policy Responses to Rapidly Rising Home Values: District of Columbia, Maryland, and Virginia." *National Tax Journal* 59, no. 3 (2006): 717–33, https://doi.org/10.17310/ntj.2006.3.21.
[34] Connecticuit General Assembly: Office of Legislative Research Legislature, *Local Option Property Tax Relief Programs for Homeowners,* November 24, 2021, https://www.cga.ct.gov/2021/rpt/pdf/2021-R-0173.pdf.
[35] Bowman, "Property Tax Policy Responses to Rapidly Rising Home Values."
[36] Mitchell, "New Models for Managing Longevity Risk."
[37] Bowman, "Property Tax Policy Responses to Rapidly Rising Home Values."
[38] Vermont Department of Taxes, "Tax Deductions, Exemptions, and Credits", *Agency of Administration,* https://tax.vermont.gov/individuals/seniors-and-retirees.