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## New Census Data on Property Taxes on Homeowners

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The Census Bureau has released new housing numbers courtesy of the 2007 American Community Survey (ACS), which includes real estate taxes paid on owner-occupied housing units. Data is included for many geographical units, including states and high-population counties.<sup>1, 2</sup>

The Tax Foundation has long published historical data on property tax collections compiled by the [Census Bureau's Government Finances division](#). However, such data includes not only taxes paid by individual homeowners, but also property taxes paid by businesses, as well as some special types of property pertaining to minerals or fuels found mostly in a handful of states, such as Texas, Wyoming and Alaska. When people want to know where property taxes are the highest, though, they typically wonder about property taxes levied specifically on homeowners. This is where the ACS data is useful.

The ACS relies on survey data collected from households, just as the Census collects most of its information. The survey data collected in the ACS, as well as in other Census household surveys such as the Current Population Survey (CPS), is used in many government functions, such as decisions on how to distribute spending geographically and the calculation of the official poverty estimates and labor market statistics, among others. In fact, the real estate taxes data featured here is actually [used by some government agencies, including the Department of Agriculture, in determining spending](#).

Furthermore, survey data drawn from households by the Bureau of Labor Statistics is used to determine cost-of-living adjustments to the billions of dollars that are spent each year in Social Security, as well as military pay. Therefore, arguments that this ACS data is unreliable

because it is based on inaccurate household survey data would be an argument against much of the federal government's appropriation methodology, especially the \$300 billion that is appropriated annually using [ACS data](#). In other words, the data is solid.

For a chart of real estate taxes paid on owner-occupied housing for each of the 788 high-population counties (65,000 or greater)<sup>3</sup> for 2007, see the Tax Foundation Web site: <http://www.taxfoundation.org/taxdata/show/1888.html>. The rankings have changed little from last year's, where the Northeast, specifically New York and New Jersey, dominated the highest-taxed areas by almost any measure. The complete table provides rankings of median real estates taxes paid by dollar amount, as well as rankings by median real estate taxes as a percentage of the median home value and as a percentage of the median income for household-owning units.

Below is a list of the top 10 counties ranked by two different measures: by actual dollar value and as a percentage of home value.

**Table 1**  
**Top 10 Counties in Median Real Estate Taxes Paid, 2007**

County	State	Median Real Estate Taxes Paid
Westchester County	New York	\$8,422
Hunterdon County	New Jersey	\$8,224
Nassau County	New York	\$8,153
Bergen County	New Jersey	\$7,797
Somerset County	New Jersey	\$7,597
Rockland County	New York	\$7,535
Essex County	New Jersey	\$7,535
Morris County	New Jersey	\$7,281
Union County	New Jersey	\$7,007
Passaic County	New Jersey	\$6,928

Source: 2007 American Community Survey

**Table 2**  
**Top 10 Counties in Median Real Estate Taxes Divided by Median Home Value, 2007**

County	State	Median Real Estate Taxes as a Percentage of Median Home Value
Niagara County	New York	2.9%
Monroe County	New York	2.8%
Chautauqua County	New York	2.8%
Wayne County	New York	2.6%
Oswego County	New York	2.6%
Onondaga County	New York	2.5%
Erie County	New York	2.5%
Fort Bend County	Texas	2.5%
Steuben County	New York	2.5%
Camden County	New Jersey	2.4%

Source: 2007 American Community Survey, Tax Foundation calculations

We have also created a similar table showing this data for every state, which can be found at <http://www.taxfoundation.org/taxdata/show/1913.html>. Below is a list of the top 10 and bottom 10 states in median real estate taxes paid in 2007. The story for the states is much the same as for the top counties: the Northeast area of the country has the highest property taxes, along with pockets elsewhere, such as Wisconsin, Texas, Nebraska, and Illinois.

**Table 3: Top 10 and Bottom 10 States in Median Real Estate Taxes Paid, 2007**

<b>Rank</b>	<b>State</b>	<b>Median Real Estate Taxes Paid</b>
1	New Jersey	\$6,082
2	New Hampshire	\$4,390
3	Connecticut	\$4,332
4	New York	\$3,486
5	Rhode Island	\$3,362
6	Massachusetts	\$3,328
7	Illinois	\$3,203
8	Vermont	\$3,188
9	Wisconsin	\$2,896
10	California	\$2,688
42	Wyoming	\$883
43	New Mexico	\$797
44	Kentucky	\$787
45	South Carolina	\$765
46	Oklahoma	\$728
47	Arkansas	\$498
48	Mississippi	\$459
49	West Virginia	\$446
50	Alabama	\$352
51	Louisiana	\$183

Source: 2007 American Community Survey

**Table 4**  
**Top 10 and Bottom 10 States in Median Real Estate Taxes Divided by Median Home Value**

Rank	State	Median Real Estate Taxes as a Percentage of Median Home Value
1	Texas	1.84%
2	Nebraska	1.74%
3	Wisconsin	1.72%
4	New Hampshire	1.68%
5	New Jersey	1.63%
6	Vermont	1.55%
7	Illinois	1.53%
8	North Dakota	1.40%
9	Connecticut	1.40%
10	Pennsylvania	1.39%
42	Wyoming	0.51%
43	California	0.50%
44	Arkansas	0.49%
45	Mississippi	0.48%
46	West Virginia	0.46%
47	Delaware	0.42%
48	District of Columbia	0.40%
49	Alabama	0.30%
50	Hawaii	0.23%
51	Louisiana	0.14%

Source: 2007 American Community Survey, Tax Foundation calculations

### Conclusion

The Northeast, mainly New Jersey and New York, remains the area with the highest property taxes on homeowners. These states also have high per capita income, and the highest property tax bills, in terms of dollar amounts, are usually found in the areas with the highest incomes. As for the percentage-of-home-value measure, counties in New Jersey and New York still dominate as they tend to impose the highest property tax rates on homeowners as well.

### Notes

1. Official definition of real estate taxes paid: The data on real estate taxes were obtained from Housing Question 20 in the 2007 American Community Survey. The question was asked at owner-occupied units. The statistics from this question refer to the total amount of all real estate taxes on the entire property (land and buildings) payable to all taxing jurisdictions, including special assessments, school taxes, county taxes, and so forth.

Real estate taxes include state, local, and all other real estate taxes even if delinquent, unpaid, or paid by someone who is not a member of the household. However, taxes due from prior years are not included. If taxes are paid on other than a yearly basis, the payments are converted to a yearly basis.

The payment for real estate taxes is added to payments for fire, hazard, and flood insurance; utilities and fuels; and mortgages (both first and second mortgages, home equity loans, and other junior mortgages) to derive "Selected Monthly Owner Costs" and "Selected Monthly Owner Costs as a Percentage of Household Income." A separate question (Question 22c in the 2007 American Community Survey) determines whether real estate taxes are included in the mortgage payment to the lender(s). This makes it possible to avoid counting taxes twice in the computations.

**2.** Official definition of owner-occupied housing units: A housing unit is owner-occupied if the owner or co-owner lives in the unit even if it is mortgaged or not fully paid for. The owner or co-owner must live in the unit and usually is Person 1 on the questionnaire. The unit is "Owned by you or someone in this household with a mortgage or loan" if it is being purchased with a mortgage or some other debt arrangement such as a deed of trust, trust deed, contract to purchase, land contract, or purchase agreement. The unit also is considered owned with a mortgage if it is built on leased land and there is a mortgage on the unit. Mobile homes occupied by owners with installment loan balances also are included in this category. A housing unit is "Owned by you or someone in this household free and clear (without a mortgage)" if there is no mortgage or other similar debt on the house, apartment, or mobile home including units built on leased land if the unit is owned outright without a mortgage. For complete description of all ACS variables:

[http://www.census.gov/acs/www/Downloads/2007/usedata/Subject\\_Definitions.pdf](http://www.census.gov/acs/www/Downloads/2007/usedata/Subject_Definitions.pdf)

**3.** The high-population counties make up about 25 percent of the nation's counties but over 80 percent of the population.

**4.** The figures here are not adjusted for property tax relief programs that are administered through a state's income tax.

**5.** The taxes paid figures are essentially measures of the legal incidence of the property tax, whereas the economic incidence is unclear and is likely impacted by who was the occupant of the house during the last tax change, assuming rational expectations. These figures also do not account for the value of the government services that are financed by those tax dollars.

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