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New Census Data on Property Taxes on Homeowners

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Beginning in 2008, the Census Bureau is releasing three-year estimates of data for smaller communities, including data on homeowners' property taxes.

Earlier this decade, the Census Bureau's American Community Survey (ACS) program began releasing annual estimates pertaining to demographics, housing and income for communities whose population exceeded 250,000. The Tax Foundation used this data to compare property taxation in all of the nation's large communities. The survey later expanded to include more places, using 65,000 as the minimum population, enabling the Tax Foundation to show how real estate taxes compare across many more counties.

And starting this year, the Census will also publish data about smaller communities, those with populations between 20,000 and 65,000. The data will be presented as a three-year average, not a separate set of data for each year, so the Tax Foundation will compare them separately.^{1, 2} The ACS continues to provide annual estimates of hundreds of variables for places with populations greater than 65,000, and the Tax Foundation will continue to use that series to compare property taxes.

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 these 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 more than 1,800 counties with populations greater than 20,000 for the years 2005, 2006 and 2007, see the Tax Foundation web site: <http://www.taxfoundation.org/taxdata/show/24052.html> for the complete table of rankings of median real estate taxes paid by dollar amount, and <http://www.taxfoundation.org/taxdata/show/24051.html> for 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 20 counties ranked by two different measures: by actual dollar value and as a percentage of median home value.

Table 1
Top 20 Counties in Median Real Estate Taxes Paid
2005-2007 Average
(Population of 20,000 or More)

County	State	Median Real Estate Tax Paid	Rank
Westchester County	New York	\$7,908	1
Nassau County	New York	\$7,726	2
Hunterdon County	New Jersey	\$7,708	3
Bergen County	New Jersey	\$7,370	4
Somerset County	New Jersey	\$7,201	5
Essex County	New Jersey	\$7,149	6
Rockland County	New York	\$7,066	7
Morris County	New Jersey	\$6,977	8
Union County	New Jersey	\$6,727	9
Passaic County	New Jersey	\$6,673	10
Putnam County	New York	\$6,553	11
Suffolk County	New York	\$6,502	12
Monmouth County	New Jersey	\$6,360	13
Hudson County	New Jersey	\$5,865	14

Lake County	Illinois	\$5,790	15
Fairfield County	Connecticut	\$5,694	16
Sussex County	New Jersey	\$5,677	17
Middlesex County	New Jersey	\$5,575	18
Mercer County	New Jersey	\$5,457	19
Warren County	New Jersey	\$5,228	20

Source: 2007 American Community Survey Three-Year Estimates

Table 2
Top 20 Counties in Median Real Estate Taxes as a Percentage of Median Home Value
2005-2007 Average
(Population of 20,000 or More)

County	State	Median Real Estate Taxes as a Percentage of Median Home Value	Rank
Orleans County	New York	3.05%	1
Niagara County	New York	2.90%	2
Allegany County	New York	2.87%	3
Montgomery County	New York	2.86%	4
Monroe County	New York	2.84%	5
Wayne County	New York	2.74%	6
Cortland County	New York	2.69%	7
Genesee County	New York	2.69%	8
Chautauqua County	New York	2.67%	9
Livingston County	New York	2.61%	10
Fort Bend County	Texas	2.57%	11
Erie County	New York	2.56%	12
Onondaga County	New York	2.56%	13
Seneca County	New York	2.52%	14
Oswego County	New York	2.50%	15
Wyoming County	New York	2.49%	16
Fulton County	New York	2.47%	17
Cayuga County	New York	2.46%	18
Chemung County	New York	2.44%	19
Schenectady County	New	2.43%	20

	York		
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Source: 2007 American Community Survey Three-Year Estimates; Tax Foundation calculations

Below is a list of the bottom 10 counties for the three year average (2005 – 2007) using both measures (actual dollar value and as percent of median home value). As one can see, just as New York dominates the list at the high end, the bottom counties are almost exclusively in Louisiana.

Table 3
Bottom 10 Counties in Median Real Estate Taxes Paid
2005-2007 Average
(Population of 20,000 or More)

County	State	Median Real Estate Tax Paid
Vernon Parish	Louisiana	\$115
Allen Parish	Louisiana	\$116
Franklin Parish	Louisiana	\$117
Richland Parish	Louisiana	\$118
Assumption Parish	Louisiana	\$123
Avoyelles Parish	Louisiana	\$123
Sabine Parish	Louisiana	\$123
Evangeline Parish	Louisiana	\$124
Webster Parish	Louisiana	\$127
Jefferson Davis Parish	Louisiana	\$129

Source: 2007 American Community Survey Three-Year Estimates

Table 4
Bottom 10 Counties in Median Real Estate Taxes as a Percentage of Median Home Value
2005-2007 Average
(Population of 20,000 or More)

County	State	Median Real Estate Taxes as a Percentage of Median Home Value
St. John the Baptist Parish	Louisiana	0.122%
Ascension Parish	Louisiana	0.134%
Tangipahoa Parish	Louisiana	0.139%
West Baton Rouge Parish	Louisiana	0.145%
St. James Parish	Louisiana	0.145%
Vernon Parish	Louisiana	0.150%
Assumption Parish	Louisiana	0.152%
Lafourche Parish	Louisiana	0.152%
Hawaii County	Hawaii	0.153%
Livingston Parish	Louisiana	0.154%

Source: 2007 American Community Survey Three-Year Estimates; Tax Foundation calculations

Notes

1. Official definition of “real estate taxes paid”: The data on real estate taxes was 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

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

4. 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 the occupant of the house was 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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