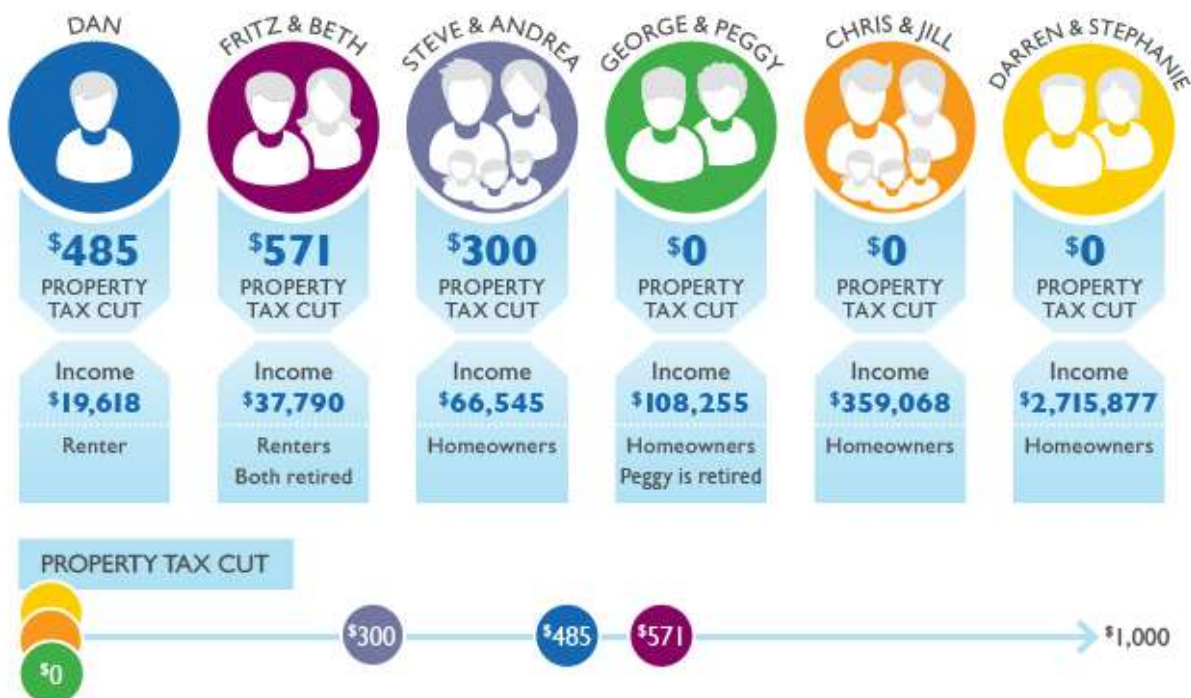


Property tax circuit breaker

Property tax circuit breakers provide income tax credits to people who pay high property taxes in relation to their incomes. They are called “circuit breakers” because the benefits are triggered, like a circuit breaker, once property taxes reach a certain percentage of a person's income. The circuit breaker in this scenario would be available to homeowners and renters with incomes of \$58,000 and less for individuals and \$116,000 and less for couples. It would cost the state about \$149 million, which is close to the amount of revenue the state would gain under the proposed sales tax base expansion we examined earlier in the series. The maximum credit for this circuit breaker is \$1,200 and it decreases with higher incomes. We'd like to note that the circuit breaker is the only option we have reviewed that was able to offer property tax assistance to renters. This circuit breaker was designed using the common economic assumption that 20 percent of what renters pay in rent goes toward their landlords' property taxes.



Learn more about our “Real Taxpayers of Nebraska” at www.openskypolicy.org/the-real-taxpayers-of-nebraska