

Impact of Property Taxes on Seniors

Whenever I go around the district, the issue of property taxes on seniors comes up. We live in an older community with our good friends as Londonderry Village, Traditions of Hershey, Juniper Village, to name just a few and many seniors, such as myself, live on our own.

I often make the comment that with property taxes seniors are but one life event away from losing their home.

With that in mind, as we continue to explore the reasons behind our efforts to eliminate property taxes, the impact of property taxes on seniors must also be examined.

This article is the fifth in a series explaining the basis behind our property tax elimination bill. The reason for breaking down the analysis this way is because prior efforts to get rid of property taxes have failed because of the impact of these eight somewhat contradictory issues. The other topics and related articles can be found at www.repfrankryan.com and are summarized at the end of this article.

To get rid of property taxes, we must balance these critical issues to get the votes necessary to pass the bill in the House, the Senate, signed by the governor, and survive a judicial challenge if one occurs.

Typically, the impact of property taxes on seniors varies greatly depending upon such things as financial assets in retirement, health, mobility, Social Security, retirement income, marital status, and proximity of family. Compounding all of these issues, many seniors/grandparents are actually raising their grandchildren.

The problem with the property tax for seniors is that we generally speaking are on a fixed income. Concurrently, our senior years are typically when health-related issues come to the surface. A life event such as death, divorce, children or grandchildren moving back home, and mobility due to either physical reasons or mental reasons such as dementia, make an already difficult budgeting situation sometimes unbearable.

Unfortunately, with the financial plight of school districts, the likelihood is that school property taxes will increase annually. With increasing school property taxes, when combined with health-related issues or life event concerns for seniors, the combination will frequently put seniors in a position of losing their home.

For example, if school property taxes increase at a rate of 3.5% annually for 20 years, property taxes will have doubled! Should someone retire at 65, the probability is very high that they will live to be 85. Concurrent with the increasing property taxes, medical costs will most assuredly increase. This combination of expenses for the average person will likely be untenable.

The net result is that property taxes for seniors are potentially devastating leaving most seniors apprehensive about their future at a time in their life when they should not have to be.

The sad part of all this is that property tax elimination efforts have been stymied for over 20 years when there is a potential solution that no one wants to discuss because it is so politically challenging.

With virtually every property tax elimination bill in the past, seniors benefit almost entirely because we would see school property taxes go to zero while at the same time our retirement income is not taxed. This means that most of any new tax would fall on young working families.

When the issue of taxing retirement income comes up, I usually hear people my age (I am 68), indicate that they paid school property taxes all their life. I also hear that we do not have any children in school so why should we have to pay these taxes. Prior elimination efforts usually had younger people paying most of the tax shift and that ultimately ended any elimination effort.

In all the meetings that I have had, virtually every opponent of eliminating school property taxes has voiced a concern that seniors would be paying no taxes whereas the state budget is about 13 to 18% relating to taking care of seniors. These groups opposing getting rid of property taxes object to such a major shift of all taxes to younger families who are already leaving the state due to a lack of opportunities and our tax structure.

Virtually every tax foundation study indicates that if seniors agreed to tax retirement income except for Social Security, eliminating school property taxes would be possible. In my analysis, if retirement income, excluding social security, were taxed seniors would still save 75% compared to the new tax they would have to pay.

The reason this solution has not come up before is because most people in the executive branch and the legislature do not want to tackle this problem.

The question I ask then is this, if 100% of the school property taxes were to be eliminated for you, would you agree, as a senior, to tax non-Social Security retirement income? Incidentally, renters and residents of senior centers would see a reduction in rent and fees if school property taxes were eliminated.

I look forward to hearing from you. The issue of property tax elimination hangs in the balance.

Please contact me at fryan@pahousegop.com. Thank you.

Addendum:

The topics of the series include and links to the completed articles are included:

1. [Critical economic reasons for eliminating property taxes.](#)
2. [Problems with the existing property tax system.](#)
3. [Unfunded pension liabilities.](#)
4. [Funding formulas for school districts under current laws.](#)
5. Property tax elimination and impact on senior citizens.

6. Property tax elimination and impact on working families.
7. Property tax elimination and impact on schools and teachers.
8. Proposed property tax elimination bill.

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