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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 2008 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.^{1, 2}

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.

Background Information on American Community Survey Data

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](#).

The ACS releases annual one-year data for various housing and person variables for areas with populations greater than 65,000. Furthermore, the ACS now annually releases three-year averages for areas with populations greater than 20,000. Such data for 2008 will be available in mid-to-late October this year, and the Tax Foundation will update the relevant data then as well.

For a chart of real estate taxes paid on owner-occupied housing for each of the 790 high-population counties (65,000 or greater)³ for 2008, see the Tax Foundation Web site: <http://www.taxfoundation.org/taxdata/show/1888.html> (ranked by taxes as a percentage of home value) or <http://www.taxfoundation.org/taxdata/show/23649.html> (ranked by dollar amount of median real estate taxes).

(For a chart of the three-year average of real estate taxes paid on owner-occupied housing for each of the 2,000+ counties with populations greater than 20,000 for 2005-2007, see here: <http://www.taxfoundation.org/taxdata/show/24052.html>).

The Results

The rankings have changed little from last year's, where the Northeast, specifically New York and New Jersey, dominated the highest-taxed counties. 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, 2008

County	State	Median Real Estate Taxes Paid
Westchester	New York	\$8,890
Nassau	New York	\$8,628
Hunterdon	New Jersey	\$8,492
Bergen	New Jersey	\$8,446
Rockland	New York	\$8,430
Essex	New Jersey	\$7,924
Somerset	New Jersey	\$7,743
Morris	New Jersey	\$7,557
Passaic	New Jersey	\$7,370
Putnam	New York	\$7,324

Source: 2008 American Community Survey

Table 2
Top 10 Counties in Median Real Estate Taxes Divided by Median Home Value, 2008

County	State	Median Real Estate Taxes as a Percentage of Median Home Value
Niagara	New York	2.89%
Monroe	New York	2.85%
Wayne	New York	2.82%
Chautauqua	New York	2.60%
Cayuga	New York	2.54%
Cattaraugus	New York	2.52%
Onondaga	New York	2.51%
Erie	New York	2.48%
Oswego	New York	2.42%
Chemung	New York	2.38%

Source: 2008 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 2008. 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, 2008

Rank	State	Median Real Estate Taxes Paid
1	New Jersey	\$6,320
2	Connecticut	\$4,603
3	New Hampshire	\$4,501
4	New York	\$3,622
5	Rhode Island	\$3,534
6	Massachusetts	\$3,406
7	Illinois	\$3,384
8	Vermont	\$3,281
9	Wisconsin	\$2,963
10	California	\$2,829
41	Tennessee	\$924
42	New Mexico	\$843
43	Kentucky	\$823
44	Oklahoma	\$762
45	South Carolina	\$678
46	Arkansas	\$534
47	Mississippi	\$468
48	West Virginia	\$457
49	Alabama	\$383
50	Louisiana	\$188

Source: 2008 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	1.76%
2	New Jersey	1.74%
3	Nebraska	1.72%
4	Wisconsin	1.71%
5	New Hampshire	1.70%
6	Illinois	1.57%
7	Vermont	1.53%
8	Connecticut	1.50%
9	Michigan	1.45%
10	North Dakota	1.41%
41	Wyoming	0.54%

42	New Mexico	0.51%
43	Arkansas	0.51%
44	South Carolina	0.49%
45	West Virginia	0.48%
46	Mississippi	0.47%
47	Delaware	0.43%
48	Alabama	0.32%
49	Hawaii	0.24%
50	Louisiana	0.14%

Source: 2008 American Community Survey, Tax Foundation calculations

Conclusion

The Northeast 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 upstate New York still dominate as they tend to impose high property taxes on homeowners, albeit in a location with lower home values and thereby higher effective tax rates.

Notes

1. Official definition of real estate taxes paid: The data on real estate taxes were obtained from Housing Question 20 in the 2008 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 2008 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/2008/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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