

Subject Homestead credit refund co-pays

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Summary

The homestead credit refund is a state-paid refund that provides tax relief to homeowners whose property taxes are high relative to their incomes. If the property tax exceeds a threshold percentage of income, the refund equals a percentage of the property tax over the threshold, up to a maximum amount. The formula, which is capped at the maximum, is as follows:

$$\text{Homestead Credit Refund} = (\text{Property taxes paid} - (\text{Threshold percentage} * \text{Income})) * (1 - \text{Co-pay percentage})$$

The threshold percentages, co-pay percentages, and maximum refunds all vary by the taxpayer's income, with refunds becoming gradually less generous as income increases. For refunds payable in 2026, taxpayers with household incomes below \$143,140 are eligible to file and claim a homestead credit refund.

H.F. 2475 reduces the co-pay percentage by five percentage points for claimants with household incomes of less than \$52,960, which has the effect of increasing refunds for claimants below that income amount.