



Committee On Finance

Max Baucus, Ranking Member

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BAUCUS-MENENDEZ BILL GIVES PROPERTY TAX DEDUCTION TO HOMEOWNERS SUPPORTING LOCAL SCHOOLS

New legislation extends benefit to property owners who don't itemize on their taxes

Washington, DC – U.S. Senators Max Baucus (D-Mont.) and Robert Menendez (D-N.J.) introduced legislation allowing homeowners who currently do not itemize on their Federal tax returns to take an additional standard deduction for the state and local property taxes that they pay to support public education. Only two-thirds of property taxes paid by individuals are currently deducted on Federal returns. The Baucus-Menendez bill creates an additional standard deduction of \$500 for single filers, and \$1,000 on a jointly filed return, for state and local real property taxes paid or accrued. Non-itemizers would be able to claim the deduction on top of the standard deduction.

“In my home state of Montana and elsewhere, property taxes can take a big bite out of a homeowner’s bottom line. If property owners itemize on their taxes, Federal law already gives them a break. But property owners who don’t itemize shouldn’t be left out,” said Baucus. **“This deduction will help out all honest taxpayers who do their part for public education in their communities and for other local concerns.”**

“Property taxes are an increasingly heavy financial burden for homeowners who are already facing other rising costs, from energy bills, to gas prices, to health care coverage,” Menendez said. **“In my state of New Jersey, property taxes are at the top of the list of most important issues facing taxpayers. As many of our states are working hard to provide additional relief to property taxpayers, the bill we are introducing today is about what we can do from the federal level in response to the burden on homeowners.”**

The standard Federal tax deduction is adjusted each year for inflation, but that adjustment does not take into account skyrocketing property values and tax increases. This additional standard deduction would be permanently available to Americans who owe real property taxes at the state and local level but do not itemize on their Federal returns. This new standard deduction would be particularly helpful to elderly homeowners who may no longer itemize to receive a mortgage interest deduction, but who are still subject to high property taxes.

The legislation is expected to be referred to the Senate Finance Committee, on which Baucus serves as Ranking Member.

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