

FIRST DOLLAR CREDIT

The first dollar credit was created by the 2007 Legislature. The first payment was made in the 2008/09 property tax year. The credit is funded from the state general fund.

Payment

The first dollar credit is paid on any real estate parcel on which at least one improvement owned by the land owner is located. The credit equals the school property tax on a certain amount of the value of the parcel with improvements. This "credit value" is calculated every year by the Department of Revenue after considering the projected number of claims and school property tax rates (for K-8, Union High, and K-12 school districts). The "credit value" is set at a level, rounded to the nearest hundred dollars, that is expected to distribute as much of the available funds as possible. If the value of the parcel exceeds the "credit value", a full credit is paid. However, if the value of the parcel is less than the "credit value", the credit is paid on the actual value of the parcel.

For the 2010/11 tax year payment, based on the \$150 million available for distribution, DOR has determined that the "credit value" is \$6,900. The average credit on the December 2010 property tax bills for eligible parcels will be about \$68. About 2,215,600 parcels are anticipated to receive the credit, compared to an estimated 1,487,000 real estate parcels that will qualify for the lottery credit (paid only on primary residences).

The first dollar credit is shown on property tax bills as a reduction of property taxes due. For taxpayers who pay their taxes in two or more installments, the credit is applied equally to each installment.

The credit is paid by the state to counties or municipalities on the fourth Monday in July. The county or municipality that receives the payment treats it in the same way that property tax payments from taxpayers are treated.

First dollar credit payments since the credit was established are summarized in the table below.

Tax Year	Credit Value	Number of Claims	Average Credit	Total Credits (\$ millions)
2008/09	\$ 3,900	2,168,609	\$ 33.51	\$72.7
2009/10	7,100	2,180,758	65.09	142.0
2010/11	6,900	2,215,600	67.58	149.7