



First Dollar Credit

The first dollar credit originated as part of the 2007-2009 Biennial Budget. Funding for the first dollar credit has increased from \$75 million to the current \$150 million. The first payment was made in the 2008-09 property tax year. The credit is funded from the state general fund.

The first dollar credit is paid on any real estate parcel with at least one improvement. The credit equals the school property tax on a certain amount (the credit value) of the market value of a qualifying real estate parcel. Annually, the Department of Revenue (DOR) calculates the credit value by taking into consideration the expected number of claims to be paid and school property tax rates for K-8, Union High, and K-12 school districts. If the value of a qualifying parcel exceeds the credit value, a full credit is paid. If the value of a qualifying parcel is less than the credit value, the credit is paid on the actual value of the parcel.

For the 2022-23 property tax year, \$150 million is available for distribution under the credit. The Department of Revenue calculated a credit value of \$8,500. The average credit on December 2022 property tax bills for eligible parcels will be about \$65. Approximately 2,302,806 parcels are estimated to receive the credit.

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 shares the payment with other tax levying entities in proportion to the amount of taxes they levied within each municipality.

The table below summarizes historical first dollar credit payments.

Tax Year	Total Credits (\$ Millions)	Parcels Receiving Credit	Credit Value	Average Credit
2008-09	\$72.6	2,168,600	\$ 3,900	\$ 33.51
2009-10	141.9	2,180,800	7,100	65.09
2010-11	147.6	2,188,100	6,900	67.48
2011-12	147.3	2,195,800	6,800	67.09
2012-13	148.4	2,201,000	6,600	67.43
2013-14	147.4	2,208,000	6,400	66.32
2014-15	148.0	2,214,000	6,500	66.63
2015-16	149.0	2,228,000	6,500	66.53
2016-17	148.5	2,226,000	6,700	66.72
2017-18	148.8	2,236,000	6,800	66.44

Tax Year	Total Credits (\$ Millions)	Parcels Receiving Credit	Credit Value	Average Credit
2018-19	148.9	2,253,617	7,000	66.07
2019-20	149.8	2,266,953	7,100	66.30
2020-21	147.9	2,278,019	7,100	65.15
2021-22	147.5	2,289,598	7,500	64.78
2022-23	149.0	2,302,026	8,500	65.29