

Closing the Gap in Homestead
Exemption Participation RatesAdvisor
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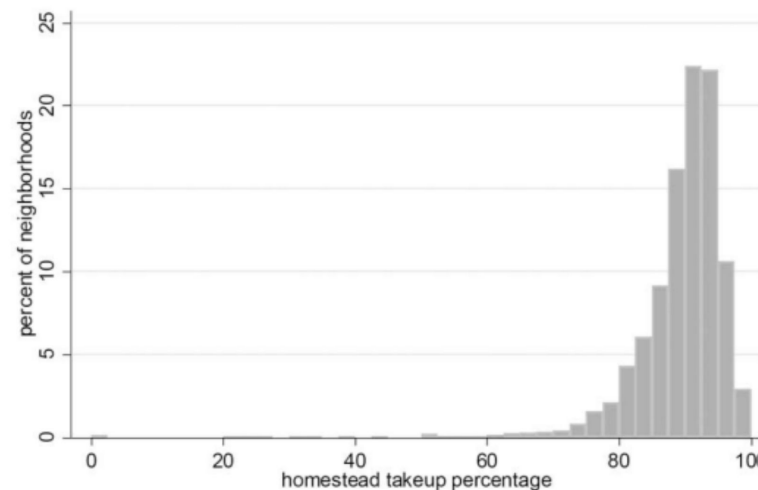
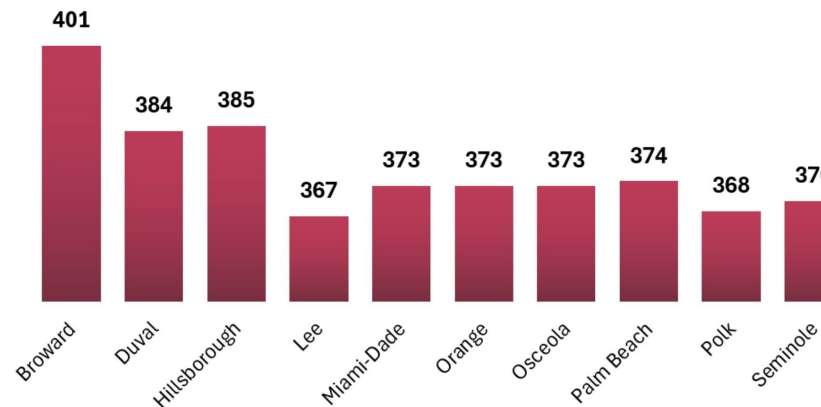
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Intro

The homestead exemption in Florida is a property tax benefit that reduces the taxable value of a primary residence by up to \$50,000 and offers strong protections against forced sale by creditors. Gaps in existing research that led to the research question are seen in previous studies such as “Homestead Exemptions, Heterogeneous Assessment, and Property Tax Progressivity” which showed a significant gap in take-up rates for the homestead exemption. The take-up gap, and potential ways to close it, are being studied. We are examining the effects of letters and text message reminders on the take-up rate for the homestead exemption. The current hypothesis is this will greatly help neighborhoods with lower usage of internet and realtors.

Abstract

- This research examines the effects of letter reminders and text message reminders on the take-up rate for the homestead exemption. This is being investigated to find policy implications and methods to close the take-up rate gap of the Homestead exemption.
- Information is gathered by mailing letters to people who are eligible but have not signed up for the homestead exemption. In this letter, we offer text message reminders that could be signed up for. Using the participant's information, data is gathered, and demographic information is produced.
- We each produced 3000 letters to be mailed to eligible non-participants. The expected results are that text message reminders and letter reminders will be greatly effective at getting nonparticipants to sign up for the homestead exemption.
- The significance of the expected result is that there is an issue with the government's communication of homestead exemption, which may affect areas that typically use fewer realtors and areas that have less access to the internet. This shows the need for a policy that will communicate information about the homestead exemption to those who may be less likely to have access to that information.

Average Home value in Florida by County
(In thousands)

Distribution of homestead exemption take-up rates across different neighborhoods. The x-axis represents the homestead take-up percentage, which measures the proportion of eligible homeowners in a neighborhood who have claimed the exemption. The y-axis represents the percentage of neighborhoods that fall within each take-up rate range.

Methods

- To perform the research study, we examined Floridians eligible for the homestead exemption but had not signed up for it.
- The study intends to measure the turnout rate for the homestead exemption, of the participants after a letter was received reminding them, as well as that of those who have signed up for the text message reminder offer, present on the letter.
- The materials used are letters and a text message reminder program.
- The study was conducted by mailing out 12,000 letters to the participants and offering text message reminders to sign up for the homestead exemption.
- The data analysis conducted was to match up names with publicly available information to get demographic data on who could be helped by these mail and text message reminders and the difference in the sign-up rate between people who have received the letter and those who have not.

Results

The expected results of the research are that the letter will be effective at getting people to sign up for the homestead exemption and text message reminders will be even more effective at reminding people to sign up for the homestead exemption. There is going to be a large, expected increase in the control group compared to the treatment group as well as a small increase in the difference between the control group in year one versus year two.

Resources

Resources Homestead Exemptions, Heterogeneous Assessment, and Property Tax Progressivity, with Keith Ihlanfeldt. National Tax Journal, Vol. 75(1), 2022: 7- 31.