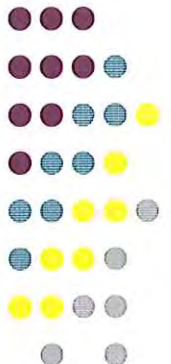


# Property Tax Deferral Loan Program

Wisconsin Legislative Fiscal Bureau  
January, 2011



# Property Tax Deferral Loan Program

Prepared by

Paul Ferguson

Wisconsin Legislative Fiscal Bureau  
One East Main, Suite 301  
Madison, WI 53703

# Property Tax Deferral Loan Program

---

## Introduction

---

The Wisconsin property tax deferral loan program allows low- and moderate-income elderly homeowners to convert home equity into income to pay property taxes. The program provides cash income to elderly individuals who have little disposable income and a significant amount of home equity. Loans help pay property tax bills, thereby helping elderly persons remain in their homes. Preliminary 2010 figures for the program indicate 59 individuals received a total of \$129,800 in loans averaging \$2,200.

Under the program, a homeowner 65 years of age or older with total household income of no more than \$20,000 may annually apply to the Wisconsin Housing and Economic Development Authority (WHEDA) for a loan equal to the amount of property taxes and special assessments levied on the home. Beginning for loans in 2011, which cover the 2010 tax year, a borrower may receive a maximum annual loan of \$3,525, which was increased by 2009 Act 199 from the previous maximum of \$2,500. Loans may be used to pay all or a portion of current property taxes and special assessments due and may include any interest or penalties on delinquent property taxes. If an applicant has a co-owner, the co-owner must be at least 60 years of age. If a participant is married, the spouse must qualify as a co-owner. However, there is no minimum age requirement for a spouse if the spouse or participant is permanently disabled.

The principal and interest due for tax deferral loans do not have to be repaid until the ownership of the property transfers or the loan recipient no longer lives in the home. Upon transfer of ownership of the property, or the participant

ceases to live in the residence, the total loan, with interest, is repaid from the proceeds of the estate or sale of the property. The interest rate on loans in 2011 will be 4.25%, a decrease from 6% in 2009 and identical to the rate for 2010.

The property tax deferral loan program is funded from WHEDA's surplus fund. State law requires WHEDA to maintain this surplus fund, which consists of any Authority assets in excess of operating costs and required reserves. The Authority is also authorized under statute to use the proceeds of bonds or notes to make property tax deferral loans, although WHEDA has never issued bonds to fund the program.

The following section provides background information on the program. Next, a summary of eligibility requirements and other current provisions of the property tax deferral loan program are presented. A description of the characteristics of 2010 program applicants follows. Appendix I contains a history of the property tax deferral loan program. Appendix II provides a detailed listing of the types of income included as household income under the program.

---

## Background

---

According to 2009 U.S. Census Bureau estimates, 23% of all households in Wisconsin are headed by individuals 65 years of age and older. Approximately 76% of persons 65 or older in Wisconsin live in owner-occupied homes. The property tax deferral loan program was created to assist elderly homeowners who have resided in their homes for a substantial period of time and whose current incomes are insufficient to cover rising property

taxes.

The need for the property tax deferral loan program was based on arguments about the special needs of the elderly. It was argued that many of the major items in the budget of an elderly person, such as energy or health care costs, had increased more rapidly than the general rate of inflation. Thus, even though social security benefits were subject to annual adjustments for inflation, such costs as energy and health care had grown more rapidly than the incomes of lower-income elderly. Further, it was argued that financial pressures on low-income elderly persons made it difficult for them to afford the taxes and special assessments levied on their homes, as well as pay for home maintenance and repairs. Information available at the time also indicated that most elderly homeowners either had no mortgage or had substantial equity in their homes. The property tax deferral program was viewed as a way to allow low-income elderly to convert the equity in their homes into increased cash income to pay these taxes and remain in their own homes.

---

## Eligibility Requirements

---

### Statutory Requirements

The eligibility conditions for the property tax deferral loan program that are specified in the statutes are listed below. An applicant must meet all of the conditions to qualify for a loan.

**Age.** The applicant must be 65 years of age or older on the date of application. Any co-owner must be at least 60 years of age on the date of application. If married, the applicant's spouse must qualify as a co-owner. However, a spouse can be any age if the spouse or the applicant is permanently disabled.

**Loan Purpose.** The loan must be for property taxes and special assessments due on a single-

family home, condominium or multi-unit dwelling of four or fewer units in Wisconsin. The applicant may apply for a loan for all or part of the previous year's property taxes and special assessments, payable in that year up to \$3,525. For example, loan applications are filed in 2011 for 2010 taxes payable in 2011. Loans under \$100 are not made except in situations of special financial hardship. Participants are liable for interest and penalty charges on delinquent taxes, but the principal amount requested may include the amount of these charges. To avoid late penalties, the applicant may pay the property taxes and special assessments and then receive a reimbursement loan from WHEDA upon proof of payment and approval of the loan. If the taxes and assessments have not yet been paid in full, WHEDA makes the loan check co-payable to both the participant and the appropriate municipal treasurer. Taxes and assessments on up to one acre of land surrounding the home may be included.

**Residence Requirements.** The applicant must have lived in the dwelling unit for at least six months during the preceding year. Temporary residence in a health care facility, such as a nursing home or hospital, may count toward the six-month residency requirement.

**Outstanding Obligations.** Total outstanding liens, judgments, mortgages and delinquent property taxes may not exceed 33% of the value of the housing unit, as determined by the most recent property tax assessment. Any previous property tax deferral loans and loans under the housing rehabilitation loan program, also administered by WHEDA, are excluded from this limitation.

**Household Income.** Applicants' prior year household income may not have exceeded \$20,000. The definition of household income used in this program is the same as that used in the homestead tax credit program. Household income is broadly defined to reflect most cash resources available to claimants, and it includes all income that is taxable for Wisconsin income tax purposes plus nontaxable income sources such as social security, supplemental security income and pensions. Appendix II pro-

vides a complete listing of the income sources included in the definition of household income under this program.

**Insurance Coverage.** The applicant must have fire and extended casualty insurance policy coverage on the home and permit WHEDA to be named as a lienholder on the policy. If the home is located on a flood plain, flood plain insurance is required and WHEDA must be named as a lienholder on the policy.

**Application Deadline.** Applications for property tax deferral loans must be filed with WHEDA by June 30 of the year in which the taxes are due. For example, applications must be filed by June 30, 2011, to receive a loan to pay 2010 property taxes payable in 2011. Receipt of a property tax deferral loan does not affect an applicant's eligibility for homestead or farmland preservation tax credits.

### **Other Requirements**

In addition to the statutory requirements described above, WHEDA has established additional program requirements.

**Additional Outstanding Obligation Limit.** The amount of outstanding liens and judgments on a dwelling may not exceed 50% of the assessed value of the dwelling, including property tax deferral and housing rehabilitation loans. This is in addition to the statutory provision that limits outstanding obligations to 33% of the assessed value of the unit, not including property tax deferral and housing rehabilitation loans.

**Application Fees.** Since 2006, all applicants must pay a \$75 title search fee each year a loan application is submitted. The title search fee is nonrefundable and may not be added to the loan amount. Additionally, beginning with applications in 2011, WHEDA will be charging a \$30 fee for recording loans with registers of deeds. However, recording fees after 2011 would be required only of first-time borrowers. Recording fees are to be refunded if the loans are denied or otherwise do not close.

**Appraisal.** Beginning in 2011, WHEDA is requiring an appraisal for the property covered by the loan, and a fee of \$250 is required at application to cover the cost of appraisal. Appraisal fees would be payable each year. This would make total fees \$355 per application in 2011. Because borrowers' homes serve as collateral on loans, appraisals are intended to ensure homes are in livable conditions and therefore have value as collateral should a loan come due. WHEDA customarily has evaluated applications using homes' assessed values. However, in some past instances, the market values of borrowers' homes have been worth significantly less than assessed values, with some homes later being subject to condemnation. Such an occurrence exposes the Authority to losses, as the statutes automatically make a loan due in full in case of condemnation, but the borrower may not have sufficient assets to pay the loan.

WHEDA reports appraisal fees will be refundable if a title search proves an applicant does not meet requirements for outstanding obligations on the property. An appraisal fee would not be refundable, however, if an appraisal occurred but the loan did not eventually close.

**Phone Consultation.** Before a loan is approved, each applicant must complete a phone consultation with WHEDA staff to help ensure the applicant understands his or her obligations under the program.

---

### **Interest Rates**

---

From the program's inception in 1986 through 1993, the statutes provided that the interest rate to be charged on property tax deferral loans was to be set by the agency administering the program. Under this authority, the interest rate on loans in each year through 1993 was set at 8% and calculated as simple interest.

Subsequently, 1993 Wisconsin Act 16 required

that the WHEDA Executive Director set the loan interest rate by October 15 of each year. By law, the rate must be 1% over the prime lending rate established by the Federal Reserve Board at the time the rate is set. This provision was first effective for 1994 loans, the first to be administered by WHEDA, and these loans carried an interest rate of 7%. In addition, WHEDA has elected to charge compound interest rather than simple interest on program loans. For 2011 loans, the interest rate is set at 4.25%.

---

### Repayment of the Loan

---

Upon entering the loan agreement, a lien is attached to the dwelling unit on which the property taxes are paid. The lien allows WHEDA to secure repayment of the principal, interest and fees due on all property tax deferral loan loans made to the participant, including loans made after the lien is filed. If WHEDA funds loans under the program through the sale of revenue bonds or notes, its right under such liens accrues to the benefit of the holders of the bonds or notes. The lien reduces the equity or ownership value in the home by the amount of the loan(s) plus interest.

The amount of home equity is determined by WHEDA by multiplying the assessed value of the home as it appears on the property tax bill by the municipal assessment ratio to bring the assessed value of the home up to an equalized or estimated full market value. The amount of home equity available is equal to the estimated full market value minus any eligible outstanding liens on the property. The lien remains on the home until WHEDA receives payment in full on all loans and charges. Notice of the lien is filed with the county register of deeds.

Repayment of the loan is due under any of the following conditions:

1. Sale or transfer of the home, except upon

transfer to a co-owner who resides in the home and is permitted to assume the participant's account.

2. Death of the participant, if the participant is the sole owner, or death of the last surviving eligible co-owner.

3. Condemnation or involuntary conversion of the dwelling unit.

4. At the request of the participant or co-owner.

5. Inability of the participant to continue to comply with all eligibility requirements.

6. Discovery by WHEDA that a participant or co-owner has made a false statement on the application or otherwise in respect to the program.

If a participant in the program ceases to meet the eligibility requirements, WHEDA may: (a) request full or partial repayment of the loan; or (b) allow the participant to continue in the program but be ineligible for additional loans.

Revenue received from repayment of property tax deferral loans issued by WHEDA is returned to a revolving loan fund that WHEDA has established for the program. For loans issued prior to 1994, the portfolio of which was purchased by WHEDA using housing rehabilitation program reserves in 1992, repayment revenue is returned to the housing rehabilitation program reserve.

Factors such as the initial property tax rate, growth in the property tax rate, appreciation in home value and interest rate charged on loans all affect the borrower's level of equity in a home on which a lien is secured. Also, it should be noted that while median home values have generally increased during the program's existence, in many cases the value of an elderly homeowner's property may increase more slowly than average due to its location, or because it is usually older and may not be receiving needed repairs. Therefore, elderly bor-

rowers who receive consecutive property tax deferral loans could lose equity at a faster rate than the population as a whole. Most loans in recent years have customarily gone to repeat participants in the program, although WHEDA stopped tracking the incidence of first-time borrowers in 2008. For loans made in the 2007-08 fiscal year, the last year for which first-time borrower data are available, WHEDA reported about 10% of loans were to first-time recipients.

---

### Characteristics of Participants

---

The six tables in this section provide historical data about program activity and program participants, as well as data on participants in the program through June 30, 2010. However, it should be noted that Tables 2 to 6 reflect applicants to the program for 2010, which numbered 75. Table 1 shows the number of loans actually made (59). Thus, for 2010, 16 applications did not result in closed loans, due to the applicants either being ineligible or electing not to proceed with a loan.

Table 1 shows the number of participants, total amount of loans received and the average loan amount received for each year since the property tax deferral loan program began in 1986. Since the program's inception, 6,443 loans have been issued for about \$10.6 million. Further, the average loan amount has approximately doubled between 1986 and 2010.

As Table 2 indicates, 53.2% of the loan applicants were between 65 and 79 years of age. The age distribution of loan recipients has generally increased since the program began, which would be consistent with the aging of continuing participants, although the 2010 figures suggest the pool of applicants becoming somewhat younger. In 1986, 36.2% of loan recipients were under age 70. This percentage was 9.0% as of 2008, but increased to 16.0% for 2010. In contrast, 13.0% of recipients in

**Table 1: Property Tax Deferral Loan History**

Year*	Number	Total Amount	Average Loan Amount
1986	295	\$327,200	\$1,109
1987	298	354,800	1,191
1988	313	393,400	1,257
1989	311	394,800	1,269
1990	307	407,300	1,327
1991	394	541,800	1,375
1992	464	628,300	1,354
1993	486	687,300	1,414
1994	438	778,900	1,778
1995	402	733,700	1,825
1996	356	663,900	1,865
1997	314	553,900	1,764
1998	276	498,500	1,806
1999	242	473,100	1,955
2000	217	417,300	1,923
2001	200	401,800	2,009
2002	179	365,900	2,044
2003	173	360,400	2,083
2004	173	360,600	2,084
2005	173	370,200	2,139
2006	157	335,800	2,139
2007	81	173,500	2,142
2008	76	164,900	2,169
2009	59	130,600	2,214
2010	<u>59</u>	<u>129,800</u>	<u>2,200</u>
Total	6,443	\$10,647,700	\$1,653

\* Totals for state fiscal years (ending June 30).

**Table 2: Applicant Age - 2010\***

Age	Number of Applicants	Percent of Applicants
65-69	12	16.0%
70-74	14	18.6
75-79	14	18.6
80-84	15	20.0
85-89	12	16.0
90-94	5	6.7
95+	<u>3</u>	4.0
Total	75	

\*Totals as of June 30.

1986 were age 80 or older. This percentage increased to 51.3% of borrowers in 2008, but 46.6% of applicants were age 80 or older in 2010. The average age reported in 2010 was 78 years old, compared to average recipient age of 80 in 2008.

Table 3 shows the distribution of reported household income among applicants. Approximately 36% of the applicants reported a household income of no more than \$12,000. The average income reported was \$13,868. This compares with an average household income for recipients of \$10,611 in 1986 when the program began.

**Table 3: Household Income - 2010\* Applicants**

Household Income	Number of Applicants	Percent of Applicants
\$0 to \$3,000	1	1.3%
3,001 to 6,000	3	4.0
6,001 to 9,000	4	5.3
9,001 to 12,000	19	25.3
12,001 to 15,000	23	30.7
15,001 to 18,000	13	17.3
18,001 to 20,000	<u>12</u>	16.0
Total	75	

\* Totals as of June 30.

Table 4 provides information on the number of applications by amount sought. The number and percentage of persons receiving the maximum \$1,800 loan increased from 40 participants (13.3%

**Table 4: 2010\* Loan Applications**

Amount	Number of Applications	Percent of Participants
Less than \$600	1	1.3%
\$600 to < 1,000	2	2.7
1,000 to < 1,200	3	4.0
1,200 to < 1,400	3	4.0
1,400 to < 1,600	5	6.7
1,600 to < 1,800	4	5.3
1,800 to < 2,000	2	2.7
2,000 to < 2,200	4	5.3
2,200 to < 2,400	8	10.7
2,400 to < 2,500	<u>43</u>	57.3
Total	75	

\*Totals as of June 30.

of the total) in 1986 to 206 participants (42.4% of the total) in 1993. Beginning in 1994, the maximum loan amount increased to \$2,500. In 2010, 43 applicants, or 57.3%, sought a loan at or within \$100 of the maximum amount of \$2,500. The maximum loan amount will be \$3,525 beginning with loans made in the 2011 calendar year, which would be used to pay 2010 taxes.

Table 5 shows the distribution of assessed values of applicants' dwelling units. The fair market values of participants' dwelling units ranged from \$29,200 to \$351,700 in 2008, the last year for which data are available. The average assessed value reported for 2010 was \$141,525. This compares to an average value of \$51,812 in 1986 when the program began.

**Table 5: Assessed Values of Dwelling Units - 2010\* Applicants**

Fair Market Value	Number of Properties	Percent of Total
Less than \$50,000	3	4.0%
\$50,000 to 70,000	6	8.0
70,001 to 100,000	12	16.0
100,001 to 125,000	17	22.7
125,001 to 150,000	8	10.7
150,001 to 175,000	10	13.3
175,001 to 200,000	8	10.7
200,001 to 250,000	6	8.0
250,001 to 325,000	2	2.6
Above 325,000	<u>3</u>	4.0
Total	75	

\*Totals as of June 30.

Table 6 shows applicants by county in 2010. Milwaukee and Waukesha counties each had 11 loan applicants, which tied for the most of all counties, and they collectively accounted for over 29% of all applicants. Of Wisconsin's 72 counties, 42 had no applicants in 2010.



**Table 6: 2010 Applicants by County\***

County	Number of Participants	County	Number of Participants	County	Number of Participants
Adams	1	Iron	0	Price	0
Ashland	1	Jackson	0	Racine	2
Barron	0	Jefferson	3	Richland	1
Bayfield	0	Juneau	0	Rock	5
Brown	0	Kenosha	2	Rusk	1
Buffalo	0	Kewaunee	0	Sauk	0
Burnett	2	La Crosse	1	Sawyer	0
Calumet	0	Lafayette	1	Shawano	0
Chippewa	0	Langlade	1	Sheboygan	1
Clark	0	Lincoln	0	St. Croix	0
Columbia	0	Manitowoc	2	Taylor	1
Crawford	0	Marathon	5	Trempealeau	0
Dane	4	Marinette	2	Vernon	0
Dodge	1	Marquette	0	Vilas	0
Door	1	Menominee	0	Walworth	4
Douglas	0	Milwaukee	11	Washburn	1
Dunn	0	Monroe	0	Washington	0
Eau Claire	0	Oconto	0	Waukesha	11
Florence	0	Oneida	0	Waupaca	0
Fond du Lac	1	Outagamie	3	Waushara	2
Forest	0	Ozaukee	1	Winnebago	1
Grant	0	Pepin	0	Wood	<u>0</u>
Green	0	Pierce	2		
Green Lake	0	Polk	0	Total	75
Iowa	0	Portage	0		

\*Totals as of June 30.



## APPENDIX I

### History of the Property Tax Deferral Loan Program

Chapter 20, Laws of 1981 (the 1981-83 biennial budget act), authorized the creation of the property tax deferral loan program in the Department of Revenue (DOR). However, the program was not implemented until 1986 due to funding issues. As originally created, the deferred loan program was to be funded through the proceeds of revenue bonds issued by DOR and through revenues received in repayment of loans.

The combination of a federal tax law change (the Mortgage Subsidy Bond Tax Act) and an inability to arrange an acceptable interest rate with conventional bond financing prevented DOR from securing funding for the deferral loan program in 1983. The federal law change was designed to restrict the use of tax-exempt state revenue bonds to finance single-family home purchases. However, the law was written in such a way that tax deferral bonds were technically disqualified from a federal tax exemption. Without the federal exemption, interest earned on bonds issued by the state to fund the deferral loan program would probably have been subject to federal taxation, necessitating a higher interest rate on the deferred property tax loans. In addition, the deferred nature of the loan repayments would have created difficulties in finding interested bond purchasers.

Consequently, the 1985-87 biennial budget (1985 Wisconsin Act 29) created a segregated fund in DOR, funded by a \$10 million loan from the general fund, to implement the property tax deferral loan program effective for property taxes levied in 1985 (payable in 1986). In addition, revenues received from a 1985 tax amnesty program were to be deposited in the fund. The general fund loan was to be repaid after 10 years, without interest. Subsequently, 1985 Wisconsin Act 120 (the 1985-87 budget adjustment bill) repealed the provision directing the deposition of the proceeds from the tax

amnesty program into the fund. In addition, Act 120 directed that \$7.5 million from the balance in the fund be lapsed to the general fund. These actions left the deferral loan fund with a balance of \$2.5 million from the general fund loan.

In the 1987-89 biennial budget (1987 Wisconsin Act 27), the \$2.5 million loan from the general fund was forgiven. It was intended that this general fund startup funding plus loan repayments would fund the program for 1987-89 and thereafter.

1991 Wisconsin Act 39 (the biennial budget) required DOR to include information regarding the program in the homestead tax credit application.

In the 1991-93 budget adjustment bill (1991 Wisconsin Act 269), administration of the program transferred from DOR to the Division of Housing in DOA effective July 1, 1992. Act 269 also required that the balance in the program's trust fund (\$1,147,047) be transferred to the state's general fund on July 1, 1992. To fund the program, a 1992-93 appropriation of \$550,000 GPR was provided for funding new loans and a separate 1992-93 appropriation of \$78,800 GPR was authorized for administrative costs of the program. A half-time position that had been funded from the program's trust fund was converted to general fund revenues and transferred to DOA, also effective July 1, 1992. Subsequently, in May 1993, the original appropriation was increased by a one-time supplement of \$250,000 GPR from the program supplementation appropriation of the Joint Committee on Finance to meet increased loan demand in the program in that year.

Act 269 also provided that WHEDA purchase, by December 31, 1992, the portfolio of existing property tax deferral loans and that the proceeds of that sale be deposited into the state's general fund.

A total of \$2,714,832 was provided by WHEDA at the end of December and deposited in the general fund.

Under provisions of 1993 Wisconsin Act 16 (the 1993-95 biennial budget), the property tax deferral loan program was transferred from DOA to WHEDA, effective with the 1993-94 fiscal year. The GPR appropriations, which had been created in 1992-93 to fund new loans and to administer the program, were repealed. Instead, WHEDA was permitted to make loans under the program either from proceeds of the sale of bonds or notes under its general corporate purpose bonding authority, or from WHEDA surplus funds. The Act also required that WHEDA allocate at least a portion of its surplus funds to the property tax deferral program. WHEDA has encumbered \$2,685,000 in surplus reserves for the program.

Act 16 also made several modifications to the statutory criteria for the program: (1) eligibility provisions for the program were modified by increasing outstanding lien limits from \$5,000 to 33% of the assessed value of the applicant's house; (2) the maximum loan amount was increased from \$1,800 to \$2,500 annually; (3) loan funds were permitted to be used to pay special assessments, in addition to or in lieu of property taxes; and (4) the interest rate for loans was required to be set at 1% over the prime lending rate established by the Federal Reserve Board at the time the rate is set. Under previous law, the interest rate was set by the agency administering the program.

WHEDA officials indicate that several modifications to the loan application and approval proc-

esses in 2006 contributed to the significant decrease in the number of loans in the next several years. WHEDA increased awareness of its use of compound interest rather than simple interest on property tax deferral loans. The Authority also instituted a \$75 search fee on titles of all applicants, regardless of a borrower's status as continuing or first-time. Upon searching all titles, WHEDA discovered that a number of participants accumulated obligations such as liens, mortgages or delinquent property taxes that exceeded 33% of their home's value, the limit set for eligibility for property tax deferral loans. WHEDA reports that these circumstances resulted in the Authority both receiving fewer applications and approving fewer loans.

2009 Act 199 increased the maximum annual loan under the program to \$3,525. This change took effect for applications pending on the act's effective date of May 6, 2010. WHEDA will apply the higher limit to loans made in 2011, for 2010 property tax bills.

WHEDA also added a \$250 appraisal fee and a \$30 one-time recording fee for 2011 applicants. WHEDA has not estimated the net effect of the higher maximum loan amount and increasing application fees to \$325 or \$355. For 2011, the fees required of all borrowers would equal about 10% of the maximum loan possible under the program, with yearly fees of about 9% of the value of a maximum loan thereafter for continuing borrowers. Additionally, WHEDA reports it may be necessary for the Authority to consider instituting an origination fee beginning in 2012 to cover costs of income verification and of bringing the program into compliance with several federal lending requirements.

## APPENDIX II

### Sources of Income Included in "Household Income" Under the Property Tax Deferral Loan Program

- Sum of Wisconsin adjusted gross income
- Maintenance payments (except foster care maintenance and supplementary payments excludable under section 131 of the Internal Revenue Code)
- Support money
- Cash public assistance and general relief (not including amounts granted under s. 46.27 of the statutes)
- Gross amount of any pension or annuity
- Railroad retirement benefits
- Social security payments
- Veterans disability pensions
- Nontaxable interest on United States securities
- Nontaxable interest received from state and municipal bonds
- Worker's compensation
- Unemployment compensation
- Gross amount of "loss of time" insurance
- Compensation and other cash benefits received from the United States for past or present services in the armed forces
- Scholarship and fellowship gifts or income
- Capital gains
- Gain on the sale of a personal residence excluded under section 121 of the Internal Revenue Code
- Dividends
- Income of a nonresident or part-year resident who is married to a full-year resident
- Housing allowances provided to members of the clergy
- Amount by which a resident manager's rent is reduced
- Nontaxable income of an American Indian
- Nontaxable income from sources outside this state
- Nontaxable deferred compensation
- Intangible drilling costs
- Depletion allowances and depreciation, including first-year depreciation allowances under section 179 of the Internal Revenue Code
- Amortization
- Contributions to individual retirement accounts under section 219 of the Internal Revenue Code
- Contributions to Keogh plans
- Net operating loss carry-forwards
- Capital loss carry-forwards