

February 12, 2026

To: Committee Members  
From Ernest A. Balasco, MSW

H 7567

Re: Overview of Property Tax Deferral Programs in 12 States

Good evening,

My name is Ernest Balasco and I am self-employed as a healthcare consultant. My employment history includes working in numerous healthcare facilities, including hospitals, community health centers, HMO's, nursing homes, and managing private practices. I want to speak this evening on the growing number of elderly homeowners in RI who are struggling to keep pace with property taxes. In reviewing what other cities and towns were doing for tax relief for older adults ( Reference: Veterans and Seniors Exemption Report)), I learned about the concept of deferring property taxes. Bristol, Coventry, Cumberland, East Greenwich, Lincoln, Narragansett, Newport, Portsmouth and Warren presently offer tax deferral programs. They are all very different from each other. Most entities place liens on the property once the deferral program is accepted by the homeowner, with varying amounts of interest payable upon the sale of the house or death of the homeowner(s). Coventry does not; instead, it simply sends an extra tax bill for the outstanding amount to the new owner with no interest accrued.

This prompted me to explore what programs were in existence in other states. (Reference: Money Talk News: Elizabeth Lotts January 2023). From a review of twelve states with deferral programs, I found that once again, there was no real alignment from state to state regarding their policies. Age requirements, income requirements, length of time for domicile and ownership were all different. This data only reflects those states that administer a deferral program; RI was not listed in the research since all RI deferral programs are city/town based. .

Also, it was somewhat difficult to review research specifically to deferral programs for older adults. There is a myriad of tax relief programs peculiar to each state, including those that affect the poor, veterans, widows, and in some cases, Gold star families. "Circuit Breaker" programs are available in some states, most notably in Michigan, as discussed in the Lincoln Institute report. But Michigan does not offer a substantive deferral program. For purposes of this discussion, the research is limited to deferral programs for older adults.

Basically, any policy initiative is based on the values and needs of the community, which appear to be reflected in the diverse deferral programs across the country. Why is the age limit 62 in Oregon, but 75 in Utah? Why is the income limit only \$20,000 in Massachusetts but \$96,000 in Minnesota? In some states, an older adult can defer up to 80% in taxes of the assessed value of the property and in other states, the amount is capped.

**Idaho charges no interest on the outstanding deferral, while Illinois charges 3%. Massachusetts charges 8%. What are some of the reasons for this diversity?**

**The realization is that each state is attempting to balance the financial viability of the state with assisting older adults with staying in their homes. How can this be a win/win?**

**In recommending future policy initiatives, there are two goals to be considered:**

- 1. To assist older adults with a robust tax deferral program to keep them in their residence as long as possible**
- 2. To prevent any tax deferrals from negatively impacting existing residences and businesses in the respective city/town**

**Towns and cities are limited in terms of how much they can defer; even with a lien to be paid off when the property is sold, they must wait for their money. Cash flow is a big problem for municipalities, so any program expansion would be difficult.**

**If the state were to administer a deferral program, many more households could participate. If structured appropriately, a deferral program should not be viewed as another social service program, but as a deferred revenue producing program. This could be enacted so that the state places the lien on the home at an interest rate similar to a second line of credit – enough of an incentive for the state to participate, but reasonable enough for the older adult to participate. Lastly, with an interest rate of at or near prime, would private equity firms or banks be interested in financing the deferral program?**

**In California, a million dollars is set aside every year for their deferral program. Once the money runs out, applications are rejected. Another model is for the state to set up a revolving fund (referenced in the Lincoln Institute article) so that there is no significant impact on the existing state budget and the amount of money is not capped.**

**In summary, I believe that age/income guidelines, length of time for ownership and domicile, and interest rates are all on the table for discussion. The issue is whether a state administered property tax relief deferral program makes sense for Rhode Island. With our growing elderly population (expected to be 30% of the RI population by 2030) and the state heading for troubled financial waters, it would make sense to invest in both the older adult and to develop a deferred revenue producing program for future income. I would suggest that the state initiate a three-year pilot program with a \$1,000,000 allocated each year as a cap. The program would be reviewed after three years to evaluate its impact.**

**Thank you for your consideration in this matter.**

**Attachments available upon request:**

**Veterans and Seniors Exemption Report**

**Overview of Lincoln Institute of Land Policy: Policy Focus Report**

**Summary of Twelve States that Offer Deferral Programs**