

Comments on Banzhaf, Mickey, and Patrick

Age-Based Property Tax Exemptions

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- This assumption ignores several realities, including: the increasing prevalence of wealthy elderly, the existence of reverse mortgages, etc. (See the photo of Warren Buffet's home in Omaha on the next slide. Not all elderly need a tax preference just because of their age.)
- In a more cynical view, age-based property tax preferences may also reflect successful collective action by a large and growing voting group.



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- Second, this is the first research group to throw a quad here at the NTA meetings! That is, to use a “quadruple differences” methodology. They use differences between older and younger; owners and renters.
- **Table 1 illustrates their identification strategy.**

Table 1: Summary of Identification Strategy for the Homeowner Effect

	Renter	Owner	Difference (Owner-Renter)
Young	γ_4	$\gamma_4 + \gamma_5$	γ_5
Older	$\gamma_6 + \gamma_0$	$\gamma_4 + \gamma_5 + \gamma_0 + \gamma_7$	$\gamma_5 + \gamma_7$
Difference (Older-Young)	γ_6	$\gamma_6 + \gamma_7$	γ_7

The four upper, left cells represent four jurisdiction-year difference-in-differences for the four demographic categories shown (young renters, young owners, older renters, and older owners). The bottom rows for the first two columns and right-most Column for the first rows represent triple differences. The lower-right represents the quadruple difference.

Diff-in-Diff

Triple Diff

Quad Diff

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- The prevalence of age-based exemptions has increased over time.
- These two observations suggest a collective action rationale (*a la* Mancur Olson) may lie in the background, explaining the origin, continuance, and growth of age-based preferences.

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- Interpretation of the quadruple-diff estimates is non-transparent. It would help the reader to provide assistance in interpreting the magnitude of the effects that are found.
- Of course, these computations do not take into consideration the general equilibrium effects of such changes. A much more comprehensive structural model will be needed for that.