

Most Expensive States to Live in for Homeowners

High property tax bills make the places on this list the most expensive states for homeowners to live in.



(Image credit: Getty Images)

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Purchasing a home is expensive. You need to save for a down payment and closing costs, and you will be stuck with mortgage payments for a while. If you are lucky enough to pay off your mortgage, those monthly payments eventually go away. But there is one expense homeowners can count on paying forever, and that's [property taxes](#).

With property taxes, where your property is located can mean the difference between paying \$1,000 per year or \$9,000 per year. And the places on this list have the highest median property tax bills, making them the most expensive states to live in (if you are a homeowner).

Most expensive states to live in

[Median home values and property taxes paid are based on data reported by the [U.S. Census Bureau](#). Values reflect figures from the most recent data available. Median home values and property tax bills can vary greatly within each state.]

Washington

Median property tax: \$4,158

[Washington State](#) comes in as the tenth most expensive state to live in when it comes to property taxes. That's largely because the median home value in Washington is higher than in many other states.

Homeowners don't need to worry about the controversial [Washington capital gains tax](#), though since it doesn't apply to real estate. And there's no income tax in Washington, either. So, those are some things to like about living in the Evergreen State.

California

[California](#) is often thought of as a high-tax state, and property taxes are no exception. Although the Golden State's average effective property tax rate is lower than most, median property tax bills reach nearly \$4,700. That's mostly because home values in many areas of the state are higher than the national average.

However, the Golden State barely makes this list, at number nine, likely because some of the [cheapest places to live in California](#) help lower the state's overall median property tax bill.

Rhode Island

Median property tax: \$4,776

Geographically speaking, [Rhode Island](#) is the smallest state in the U.S. But tax burdens for homeowners in the Ocean State are anything but small. With a median

property tax bill that tops \$4,700, Rhode Island earns its place as the eighth most expensive to live in if you own a home.

There is even more bad news for wealthy Rhode Island homeowners. The state also has an estate tax, and it's nowhere near as generous as the federal [estate tax exemption](#). If you die in Rhode Island in 2024, your heirs could pay state estate tax on estates valued at just over \$1,774,583.

Vermont

Median property tax: \$4,895

The good news is that Vermont offers a property tax credit worth up to \$8,000 to eligible homeowners. The bad news is that overall property tax burdens in the state remain high. Median property tax bills reach nearly \$4,900, so living in [Vermont](#) can be costly for homeowners.

Dying in Vermont can be costly for your heirs since it's yet another state with an estate tax. However, the Green Mountain State's estate tax exemption of \$5 million is much more generous than in Rhode Island.

Illinois

Median property tax: \$5,055

[Illinois](#) homeowners face some of the highest property tax burdens in the country, with median property tax bills that exceed \$5,000. And Illinois has an estate tax, too, with an exemption of only \$4 million.

However, not all taxes in the Prairie State are high. For example, Illinois is one of only 15 [states that don't tax retirement income](#). So, it might not be the worst choice for retirees. And Illinois has a flat income tax rate that is generally favorable for high earners.

Massachusetts

Median property tax: \$5,584

[Massachusetts](#) earns its place as the fifth most expensive state to live in for homeowners with median property tax bills that exceed \$5,500. And the Commonwealth is yet another place with an estate tax. Estates valued at more than \$2 million are subject to Massachusetts tax rates between 0.5% and 15%.

Tax burdens get even worse for wealthy residents (whether homeowners or not). As reported by Kiplinger, the [Massachusetts millionaire tax](#), which was implemented last year, adds an additional 4% tax on income exceeding \$1 million.

New York

Median property tax: \$6,303

[New York](#) is another infamously high-taxed state, especially when it comes to property taxes. The median tax bill is more than \$6,000. And while there is no estate tax in the Empire State, wealthy New Yorkers could be looking at even higher tax burdens in the future.

A recently revived [New York City property tax lawsuit](#) alleges wealthier homeowners don't pay their fair share of taxes. So, if lawmakers make changes to the current tax system, owners of high-value properties might see a jump in their tax bills.

New Hampshire

Median property tax: \$6,372

With a median tax bill of \$6,372, the Granite State takes third place for the most expensive states for homeowners. Unlike many states on this list, New Hampshire's high property taxes don't result from higher-than-average home values. The average effective tax rate of 1.89% makes living in [New Hampshire](#) costly.

However, there is no income tax in New Hampshire, so some homeowners might find the trade-off worth it. And while the state still taxes interest and dividend (I&D) income, the tax is supposed to be repealed next year, two years ahead of schedule.

Connecticut

Median property tax: \$6,484

Median property tax bills climb closer to \$6,500 in [Connecticut](#), and while the state offers a property tax credit to homeowners 65 and older, low-income limits mean many retirees aren't eligible. Not all retirees are off the hook for state income taxes, either since Connecticut is one of the [states that tax Social Security benefits](#).

Wealthy residents of Connecticut could pass hefty tax burdens to their heirs, too. The Constitution State has an estate tax, but thankfully, it is much more generous than estate taxes in other states. So, most people won't need to pay it.

New Jersey

Median property tax: \$9,395

With a median tax bill of more than \$9,000, [New Jersey](#) wins first place as the most expensive state for homeowners. Higher-than-average home values play a part, but the Garden State also has the highest average effective property tax rate in the country.

While New Jersey does not have an estate tax, some heirs (including siblings) will still pay [death taxes](#) when loved ones pass. Inheritance tax rates range from 11% to 16%. On the bright side, parents, children, and some other relatives can inherit your assets tax-free.