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ESTIMATING THE TAKE-UP OF RESIDENTIAL PROPERTY TAX (ARNONA) DISCOUNTS

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Abstract

This study presents the first estimation of the take-up rate for residential property tax (Arnona) discounts across local authorities in Israel. The total scope of exemptions, waivers, and discounts amounts to NIS 3.5 billion, twice the annual expenditure on income support benefits and three times the budget allocated for the Earned Income Tax Credit. Arnona discounts thus serve as a significant and wide-reaching governmental instrument for implementing the state's social welfare policy, by substantially reinforcing the benefits and support granted to recipients of national allowances. This study aligns with the only two existing international studies that have examined the take-up of municipal tax benefits and is the first to do so in Israel—a small state where the central government holds considerable authority over local government leadership. The intricate structure of the Arnona discount scheme generates various tensions and even potential conflicts of interest, given that unlike other taxes, it was crafted by the central government as a default framework, allowing local authorities significant discretion to depart from its provisions. This structural design gives rise to a conflict of interest between local and central governments: while the discount policy is formulated by the central government to advance its social agenda, the "implementing contractor"—the local authority—is responsible for executing the benefit, and it has opposing incentives. Since Arnona is one of the primary sources of funding for municipalities, granting discounts undermines their financial capacity to provide services. To reflect this tension, the take-up rate was estimated using two distinct approaches. The first approach calculates the "on paper" take-up rate at an aggregate level, using a sample of between 212 and 243 local authorities (out of Israel's 255 municipalities) for each year between 2010 and 2020. An analysis focusing on five main eligibility criteria for residential

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Arnona discounts found that the average take-up rate stands at approximately 40 percent. This is significantly lower than the take-up of major social programs in Israel, such as old-age pensions or unemployment benefits. However, this estimate does not account for additional limitations imposed by local authorities that restrict the number of eligible recipients and thereby increase their available resources. These limitations are captured only in the second approach, which calculates the take-up rate at the household level in two municipalities—one large and one small. This method measures the actual number of eligible recipients, accounting for restrictions imposed by the local authority. These limitations reduce the number of eligible households in advance, thereby artificially inflating the take-up percentage. The analysis was conducted for a single eligibility criterion, over the years 2020 to 2023. According to this approach, the take-up rate exceeded 70 percent in the larger municipality and over 90 percent in the smaller one. Calculating take-up using both approaches allows for a first-time examination of the gap between the central government's directive and the actual situation on the ground, in light of the limitations imposed by local authorities. An additional finding reveals that the discount scheme in the field of long-term care, which according to government policy is intended to reflect a progressive form of assistance, is in fact characterized by a distinctly regressive pattern.

1. INTRODUCTION

The purpose of this study is to estimate the take-up rate of Arnona (municipal property tax) discounts, thereby filling a significant research gap, as the global academic literature contains very few studies on the take-up of local tax benefits.[1]

The overwhelming majority of Arnona discounts (37 out of 41 types) are supplementary benefits, or as referred to in the literature, "passport benefits". That is, they are rights granted to recipients who have already undergone a prior screening process and were deemed eligible for other benefits, hence the metaphor of a "passport" serving as validated proof of eligibility (Tarshish et al., 2023).

The Arnona discount is the largest supplementary benefit in Israel, both in terms of fiscal scope and number of eligible recipients. According to processed data from the Ministry of the Interior, presented later in this study, approximately half of all households in Israel are eligible for an Arnona discount. These consist of 41 types of discounts granted as supplementary benefits to various allowances provided by the state. These state allowances are mostly distributed by the National Insurance Institute, as well as by the Ministries of

[1]It should be emphasized that this study focuses solely on estimating residential property tax (Arnona) discounts, and does not address business property taxation.

Defense, Finance, Interior, and the Yad Vashem Holocaust Remembrance Authority. The value of the discount per household varies widely and can exceed NIS 10,000 annually.

As of 2020, the total annual Arnona tax revenue from residential properties was approximately NIS 12 billion (according to the Central Bureau of Statistics (CBS) file on local authorities in Israel for 2020), a figure more than double the revenue generated from capital market taxation (interest and capital gains on the stock exchange), based on data from the Bank of Israel. CBS data also show that in 2020, the total volume of exemptions, waivers, and discounts from residential Arnona in local authorities amounted to NIS 3.5 billion, exceeding the annual expenditure on income support benefits and equaling the typical yearly expenditure on unemployment benefits. The Arnona discount therefore serves as an important and wide-ranging governmental instrument for realizing the government's social welfare policy, by significantly enhancing the benefits and support provided to recipients of national allowances.

In theory, Arnona discounts could be granted automatically, since they are conditional upon and supplementary to state allowances; however, automatic implementation is not always possible, as some discounts are subject to additional criteria imposed by local authorities. For example, nonmandatory discounts such as those for single-parent families or the 25 percent senior citizen discount may be contingent upon a means test, which requires the resident to submit additional documentation. Moreover, in accordance with the law, some discounts require the resident to submit a formal application. This process involves filling out forms and providing documents, which sometimes necessitate physically visiting the local authority's offices or accessing online services that may not be accessible to individuals with low digital literacy. The administrative burden associated with fulfilling secondary criteria and submitting the application raises concerns about the existence of a barrier that prevents residents from fully realizing their entitlement to the Arnona discount.

In addition, the complexity of the Arnona discount program generates a series of tensions and even apparent conflicts of interest, as unlike other taxes, the program was designed by the central government as a default framework from which local authorities are largely permitted to deviate. This design creates a conflict of interest between local and central government, as the discount program is set by the central government to implement its social policy, yet the "executing contractor" of the benefit—the entity responsible for granting it to citizens—is the local authority, which has opposing interests: Since Arnona serves as one of the primary revenue sources for local governments, local decision-makers who aim to maximize budgetary resources may impose burdens that hinder the realization of eligibility for Arnona discounts. In part this is to ensure that equalization grants provided by the central government reach their intended purpose, enabling the local authority to provide public goods rather than being diverted to fund Arnona discounts.

To reliably address the research question, data not publicly available were collected regarding the number of recipients of Arnona discounts in Israel over a period exceeding a decade. These data pertain to all local authorities in Israel and were collected by accountants employed by the Ministry of the Interior, who compiled reports listing the number of all

Arnona discount recipients in the local authorities, categorized by all discount eligibility criteria, for the years 2010–20. These data were obtained through a special request to the Ministry of the Interior and constitute a significant contribution to the research. In addition, detailed and precise analyses from two local authorities, which are not publicly available, were received.

The estimation of the take-up rate was conducted using two approaches: In the first approach, the take-up rate was calculated at an aggregate level, using a sample ranging from 212 to 243 local authorities (out of 255 in Israel) for each year from 2010 to 2020. To estimate the aggregate take-up rate, National Insurance Institute data on benefit recipients representing the number of those potentially eligible for Arnona discount were merged and cross-referenced with data from the Ministry of the Interior, specifically provided for this study. Since the National Insurance files are structured around the Institute's main benefits rather than the discounts granted for them, only five major Arnona discount eligibility categories could be cross-referenced in practice, all of which are highly significant:[2] Recipients of long-term care benefits, disabled child allowances, general disability pensions, old-age pensions, and old-age pensions with income support. The calculation was based on the ratio between the actual number of discount recipients and the number of potential eligible recipients, yielding an average take-up rate of approximately 40 percent for the five main residential Arnona discount categories, with relatively minor fluctuations during the study period. This rate is significantly lower compared to major social programs in Israel, such as old-age pensions or unemployment benefits. The advantage of this approach lies in its establishment of an important reference point for take-up estimation based on aggregate data at the municipal level, covering a relatively broad range of local authorities over time. However, it suffers from various measurement biases related to “on-paper” discounts (e.g., eligible individuals without registered property, those who chose a higher-value discount, or multiple eligible people residing in the same household).

According to the second approach, the take-up rate was calculated at the household level based on detailed data from two local authorities—one small and one large—which granted unique, non-public access to individual-level data on all Arnona payers within the specific eligibility category examined. In these two municipalities, I was provided with files produced by the local authority’s collections director specifically for this study, containing a detailed analysis of the rate of old-age pension recipients from 2020 to 2023, as detailed in Tables 6 and 7 below. This calculation revealed a take-up rate exceeding 70 percent in the large municipality and more than 90 percent in the small one. This estimation corrected for the measurement biases present in the first approach, as the detailed and accurate data that was received allowed the exclusion of residents who had been counted as eligible according to National Insurance data, but whose eligibility was only "on paper": Residents eligible for

[2] The total amount of discounts granted to residents under the five main eligibility criteria accounts for 40% of all Arnona (municipal property tax) discount allocations across all eligibility categories (Dahan, 2022, Table 2).

more than one Arnona discount but permitted to redeem only one (the highest); Residents with potential entitlement to a benefit who were, in practice, ineligible for an Arnona discount due to lacking registered property ownership; and residents with potential eligibility who lived in the same household with other eligible individuals. The strength of the second approach lies in the reliability of its take-up rate calculation, but its limited scope (two municipalities) raises questions about the representativeness of the findings for the broader set of local authorities. Calculations based on both approaches reveal that take-up estimates derived from aggregate-level data are significantly biased. This finding serves as a warning sign for studies that estimate take-up rates without relying on individual-level data.

Another significant finding emerging from the study is the distinct existence of temporary non-takeup of rights, as opposed to persistent non-takeup. Persistent non-takeup of Arnona discounts arises from the administrative burden placed on the resident whenever the discount process is not automatic. In contrast, temporary non-takeup exists even when the Arnona discount is granted automatically, since in the vast majority of cases, the update of the eligibility list from the National Insurance Institute in the local authority's database occurs only once per year; therefore, anyone who becomes eligible for a benefit during the year prior to the update must submit an application to exercise their entitlement, along with the administrative burden that entails. A sample review conducted in 15 local authorities revealed that in 11 of them, a resident who becomes eligible for an Arnona discount during the year will receive the discount only if they initiate contact, not automatically, and that even at the time of the annual automatic update, the discount is not granted retroactively from the date of eligibility (see Appendices 1a and 1b), but only from that point forward. In a detailed household-level analysis conducted in one small local authority over a three-year period, I received files produced by the collections director of the local authority specifically for this study, which revealed that 25 percent of residents eligible for Arnona discounts under any eligibility category whose eligibility was established during the year, did not proactively request the discount after the last annual update of the eligibility list and therefore did not benefit from it. This constitutes temporary non-takeup, as these eligible individuals will automatically receive the Arnona discount after the next update.

A further significant finding emerged from the analysis conducted in a small local authority, which was based on detailed household level data, regarding the degree of progressivity of Arnona discounts. The household data were segmented into deciles based on the property size in square meters, under the assumption that property size reflects the household's economic status. Calculations of the Gini coefficient and concentration index revealed that certain Arnona discounts are inconsistent with social policies aimed at reducing inequality. It was found that discounts granted on the basis of long-term care benefits, single-parent status, and IDF disability are regressive in nature—some of them markedly so. It was also found that the income-tested discount exhibited only a modest degree of progressivity.

The examination of the progressivity of Arnona discounts complements the calculation of the take-up rate for residential Arnona benefits, since the provision of Arnona discounts is intended to serve as a tool for implementing social welfare policy, and fulfilling this policy

depends both on the realization of the benefit (the take-up rate) and the economic profile of the eligible population (the progressivity of the discount). This analysis is important, because Arnona discounts are categorized into two main types: "need-based" discounts, granted to those whose economic situation makes them targets for government support, and "recognition" discounts (such as those for IDF disabled veterans), granted as a form of national recognition, regardless of the recipient's economic status. Providing such discounts to these groups may come at the cost of reducing the progressivity of the local tax system, as they are also extended to high-income earners.

2. LITERATURE REVIEW

a. Studies on Benefit Take-Up Worldwide

Mapping and modeling the barriers to benefit take-up, as well as measuring non-takeup rates of social entitlements, is a complex task, as it is a widespread and global phenomenon characterized by great variability, stemming from the multiplicity of programs, cultures, policy types, local complexities, and the many agencies responsible for their implementation. This complexity is clearly reflected in the evolution of theoretical models beginning in the 1980s, and in the wide range of take-up rates reported in the literature across different countries worldwide.

A recent and comprehensive review of the development of theoretical models (Janssens and Mechelen, 2022) identifies a transition from classical and rational economic theories that focus on the client (e.g., Kerr's [1982] "six thresholds" theory), to theories rooted in behavioral economics, which emphasize the role of cognitive biases and behavioral barriers, and shift the focus toward policymakers and administrative levels, based on the assumption that implementing and making rights accessible to citizens is their fundamental responsibility, and that their influence on benefit take-up is highly significant. The review highlights the overlap—at times artificial—between the traditional and updated behavioral economics perspectives, while clarifying their differences; for example, social stigma as framed in older approaches, is reinterpreted as a cognitive bias in advanced behavioral models; the cost of information is considered a barrier in both approaches, but the former emphasizes difficulty in locating information, while the latter focuses on the challenge of understanding available information.

A review commissioned by the OECD in the early 2000s found take-up rates ranging between 20 percent and 60 percent across various programs (Hernanz et al., 2004). Within this range, take-up rates for selective benefits such as social assistance and income support were found to be between 40 percent and 80 percent, while unemployment benefit take-up rates ranged from 60 percent to 80 percent. The authors' main conclusions and recommendations emphasized the need to increase efforts in accessibility, public awareness, and simplification of the benefits system for eligible populations. This review also included

reference to the benefit analogous to municipal property tax discounts (Arnona), which will be discussed later in this paper.

Another comprehensive review published the same year (Currie, 2004) examined benefit take-up rates over a period primarily covering the decade from 1990 to 2000. The review covered 15 different US programs across various domains and eight programs from the UK. The findings revealed a wide range of take-up rates—from as low as 8–14 percent for the US State Children's Health Insurance Program (SCHIP), to 64–78 percent for a pensioner income support program in the UK. The main conclusion drawn from this review is that, despite years of research, there remains a lack of understanding regarding the key costs influencing non-takeup and the most effective means to reduce them. Another important finding was that providing benefits automatically or by default is expected to improve take-up rates, and that addressing access barriers as an integrated system is more effective than targeting isolated obstacles. This review did not present any empirical findings regarding the take-up of municipal property tax (Arnona) benefits.

Another review conducted a decade later found similar take-up rates: between 21 percent and 60 percent (Finn and Goodship, 2014). This study surveyed numerous countries and included an extensive description of the changes that had occurred in the British welfare system over the preceding decade, including, among other things, efforts undertaken to promote benefit take-up such as the reorganization of national agencies, the improvement of service models by shifting formerly back-office administrative services to frontline public-facing channels, the addition of telephone and digital communication channels, and various take-up efforts including awareness campaigns and public outreach. The study noted that despite all these measures, benefit take-up rates remained low for a variety of reasons, mainly due to excessive program complexity, as well as stigma and pride-related barriers among claimants. One of the main recommendations of the review was the continued monitoring and close measurement of benefit take-up, as well as strengthening advisory and support services for eligible individuals.

In a recent review article (Ko and Moffitt, 2022) examining take-up rates in various programs in the US between 1995 and 2019, take-up rates were found to range between 21 percent and 84 percent, as illustrated in Table 1 below, and, as shown in Table 2 below, global program take-up rates ranged from 13 percent to 100 percent. This study produced several key conclusions. First, programs administered by governmental tax authorities are more likely to reach eligible populations, since these authorities track income data, making the eligibility determination process easier. Second, the enrollment rate in benefit programs is higher among those already connected to the social welfare system. Third, there is significant difficulty in securing benefit take-up among individuals who are not already registered in the system. General outreach or letters have little effect on these individuals, and the administrative cost of locating them is especially high. Fourth, complex eligibility rules and administrative discretion in determining benefit levels significantly influence the proportion of eligible individuals who register to receive benefits, and administrative simplifications

such as training caseworkers and allowing applicants to apply for multiple programs through a single point of access are factors that promote benefit take-up.

A systematic estimation of local tax discount take-up rates has been conducted only in the UK, specifically regarding the municipal property tax known as Council Tax Benefit (CTB), as part of an official annual publication of benefit take-up rates across various programs by the UK Department for Work and Pensions (DWP).

In a study from the early 2000s (Hernanz et al., 2004), which relied on analyses of DWP publications for the period 1997–2001, take-up rates for CTB in the UK were found to range between 73 percent and 80 percent. This study is closely related to the present research, and one of its central conclusions was that the impact of stigma as a barrier to benefit claims was greater than the impact of anti-fraud deterrence measures, and that a complex balance exists between the aim of alleviating stigma-related barriers and the goal of preventing fraud within welfare systems.

Another study relevant to the present research was conducted by scholars who analyzed and interpreted these publications during the following decade, and found a decline over time in take-up rates of local tax discounts, from 75.5 percent to 67.5 percent between the years 1993 and 2010 (Finn and Goodship, 2014). The researchers demonstrated that between 2009 and 2010, there were 5.19 million eligible individuals who claimed £4.23 billion, while the number of individuals estimated to be eligible but who did not claim the discount ranged from 2.34 to 3.2 million, with the unclaimed benefit amount estimated at between £1.70 billion and £2.42 billion, resulting in an average take-up rate of 67.5 percent for those years. It was further found that take-up rates were lower among pensioners compared to non-pensioners, and among couples with children compared to single parents. Despite a series of efficiency measures, ranging from procedural simplification and the restructuring of government agencies to increased digitization and public information campaigns, the study showed a decline in benefit take-up rates across the various programs. The main barriers identified in this context included the complexity of the claims process, frequent policy changes that led to confusion, lack of coordination and interface among government agencies, and reduced opportunities for face-to-face interaction between citizens and public officials.

b. Studies on Benefit Take-Up in Israel

In Israel, until the 2000s, the academic literature on benefit take-up was sparse, with only a few studies available. Doron and Rotter (1976) examined the take-up of cost of living grants for low-wage workers from the National Insurance Institute during the 1970s, and found non-takeup rates of approximately 33 percent among potential beneficiaries who did not receive any benefit. Ben-Arieh (1994) studied the non-takeup of benefits among families in distress in relation to receiving National Insurance allowances through structured interviews with 50 disadvantaged families in the Shafir regional council who had not fully realized their entitlements from the National Insurance Institute, due in part to barriers such as geographic distance, lack of knowledge, program complexity, and additional obstacles. The main finding

of the study was that higher take-up rates are expected under conditions of universal benefits, low stigma, and minimal bureaucracy. The topic of universal versus means-tested benefits was also examined by Gordon and Eliav (1997) in the context of introducing means-tested elements into Israel's child allowance system. They found a correlation between universal benefits and higher take-up rates, and, conversely, a link between selective benefits and lower take-up rates.

In the 1990s, significant developments began to take place in Israeli social discourse and the discourse on human rights commonly referred to today as the "constitutional revolution," as defined by former President of the Supreme Court Aharon Barak (1992), following the enactment of the Basic Law: Human Dignity and Liberty in 1992, which stated in Section 4 that "every person is entitled to protection of his life, body, and dignity." This legislation led to a series of court rulings that had a major impact on shaping public policy and social discourse, and in which the view was established that ensuring a life of dignity is a duty of the state toward its citizens.[3] Public discourse and criticism of the National Insurance Institute continued to develop, with a major turning point occurring after the 2011 social protests, and later following the suicide of Moshe Silman ob"m in 2012, which led to Knesset discussions, widespread media coverage, and eventually a series of reports by the State Comptroller addressing the medical committees of the National Insurance Institute and the Ministry of Defense, and the implications of non-takeup. In one of the State Comptroller's reports (Report 65c), it was estimated that the value of unclaimed or unrealized National Insurance benefits was approximately NIS 1 billion. The State Comptroller's report on the non-takeup of social rights (State Comptroller, 2015) also addressed National Insurance benefits, with audits of unemployment benefits, reserve duty payments, maternity grants, and various reimbursements estimating that the National Insurance Institute held approximately NIS 1 billion that had not been disbursed to eligible individuals.

Alongside the evolution of public discourse, a growing academic interest in benefit take-up emerged in Israeli literature beginning in the year 2000, with the vast majority of studies focusing on National Insurance benefits. In the study by Rimerman, Schwartz, and Li-Or (2000) on people with disabilities in kibbutzim, the take-up of National Insurance benefits in kibbutzim was examined, revealing that approximately 60 percent of survey respondents had never submitted a claim. The study by Azulai-Zlatkin (2005) on non-takeup of rights among migrant workers who had suffered work accidents presented a comprehensive and extensive review of the issue, and found that migrant workers were significantly underrepresented in the realization of entitlements compared to Israeli citizens. For example, it was found that the proportion of injured foreign workers who claimed work injury benefits was only 0.9 percent of all claimants, while their share of the total workforce was 6 percent. Levin's (2009) study, which examined barriers to benefit take-up at the client level from the perspective of elderly individuals, homeless people, and women engaged in prostitution who received social

[3] HCJ 888/03 and 363/03, Association for Civil Rights in Israel et al. v. Minister of Finance and the National Insurance Institute.

services at a Tel Aviv soup kitchen, surveyed 196 soup kitchen patrons, revealing that only 52 of them (27 percent) were receiving National Insurance benefits at the time. Following the evaluation, 99 of the remaining 144 individuals submitted claims to the National Insurance Institute, and it was found that 88 percent of them were granted some form of benefit (old-age, disability, or income support).

There are also studies based on administrative data covering the general population over selected years, yet these, too, focus primarily on National Insurance benefits. In the review conducted by Gal, Shalev, and Eisenstadt (2009), which examined take-up of universal benefits such as child allowances and old-age pensions, take-up rates for child allowances were found to range from 75 percent to 99 percent, and between 80 percent and 100 percent for old-age pensions. Between 2014 and 2015, a series of four studies were conducted for the National Insurance Institute reviewing benefit take-up based on administrative data for unemployment benefits, maternity allowances, and child support payments. In the study by Toledano and Gottlieb (2014), a take-up rate of 94.8 percent was found for unemployment benefits, Toledano's (2014) study found a take-up rate of 96 percent for maternity benefits, Toledano's (2015a) research identified a 98 percent take-up rate for unemployment benefits among those registered with the Israel Employment Service, and in another study by Toledano (2015b), a take-up rate of 96.7 percent was found for child support benefits. The National Insurance Institute's annual review from 2016, which explored the concept of a universal basic income as a substitute for traditional social security benefits, reviewed benefit take-up rates for various allowances: 88.3–97.5 percent for unemployment benefits; 96.7 percent for child support payments; 95.4 percent for maternity benefits; 48–64 percent for income support benefits; 81.5 percent to 90 percent for disability benefits; and a take-up rate of 89 percent for reserve duty compensation.

A recent study by Gottlieb (2021) presented key empirical findings collected from studies conducted by the National Insurance Institute's Research Division and revealed a pattern similar to the findings cited above, except in the area of unemployment benefits. The findings showed take-up rates of 71.6–88.8 percent for reserve duty compensation, a take-up rate of 95.4 percent for maternity benefits, 96.7 percent for child support, and 47.5–62.8 percent for income support benefits. The most notable discrepancy in the study's findings was related to unemployment benefits, which had a take-up rate of 31.8–39.5 percent, due to differing definitions of the eligible population: in Toledano's (2015a) study, the eligible group was defined as those registered with the Israeli Employment Service, whereas Gottlieb's study used a two-stage methodology in which a group of potential beneficiaries who had not claimed their eligibilities was identified, and this group also included individuals who had never initiated the process or registered at the employment bureau. It is no coincidence that this gap emerged specifically in the case of unemployment benefits, as proving eligibility for this benefit is more complex than for child support (which requires a court ruling), reserve duty (based on an IDF-issued form), or income support (which mostly relies on wage data held by the National Insurance Institute and the Tax Authority). Another important finding from Gottlieb's (2021) study is that beyond the conventional assumption that take-up rates

are higher for universal benefits compared to selective ones, the more complex the eligibility test, the more disadvantaged populations are adversely affected. This study also focuses exclusively on National Insurance benefits and does not address Arnona discount take-up.

A central and significant insight emerging from Gottlieb's research is the inherent difficulty in calculating take-up rates, since administrative data readily identifies citizens whose eligibility is certain and whose claims have been approved, as well as those who are clearly ineligible for benefits; however, due to information gaps, it is difficult to determine the eligibility of a third group of potential beneficiaries: citizens whose claims were rejected or never submitted, thus making it difficult to determine the true take-up rate among the target population. In areas unrelated to the National Insurance system, the Israeli literature is limited. The State Comptroller, in Report 71a (2020), examined the take-up rates of the Earned Income Tax Credit (Negative Income Tax) and found a take-up rate of only 70 percent, with many claims being rejected unjustifiably.

In matters of benefit take-up among residents of local authorities, notable studies include those by Nisan and Dahan (2010, 2011) which focused on take-up of water bill discounts in Jerusalem, finding a take-up rate of 74 percent.

No studies on take-up rates for Arnona discounts were found in Israel, and the present study aims to fill this gap.

3. INSTITUTIONAL BACKGROUND

Until 1992, all decisions regarding Arnona (property tax) discounts were in the hands of local authorities, each acting at its own discretion, resulting in a lack of uniformity. This issue was addressed by the State Comptroller in an audit report, which concluded with a recommendation to legislate a law applicable to all local authorities, clearly and uniformly defining the eligible groups for discounts. Following this report, uniform regulations on Arnona discounts were enacted within the framework of the Economic Arrangements Regulations (Arnona Discount), 1993, which specify the types of discounts, eligibility criteria, and required conditions for both residential and commercial use. This study will focus solely on residential Arnona discounts granted to residents.

The enactment of the Economic Arrangements Regulations (Arnona Discount), 1993, did reduce the discretion of local authorities in granting Arnona discounts beyond the list determined by the central government, but in contrast, left them with broad discretion and flexibility, as out of 41 discount types, 19 are mandatory discounts that the local authority is obligated to provide, (such as senior citizens, IDF disabled veterans, police and prison service veterans, Nazi war victims, and national or civil service volunteers, among others) and 22 are discretionary discounts subject to the judgment of the local council. The relinquishment of revenue due to discretionary discounts constitutes 76 percent of the total Arnona discount budget (Dahan, 2022), making it a proportion with significant impact on municipal revenues.

Arnona discounts range from 5–100 percent, with most having maximum limitations such as home size (usually up to 100 square meters) and household size. Typically, up to four persons the discount applies to the first 70 square meters, and for five or more persons, to the first 90 square meters. Most discounts are fixed and granted as long as the beneficiary continues to meet the condition, and some are substantial: for a 70 m² apartment, the discount may reach up to NIS 8,890 per year (Table 3). It is important to note that to provide a basis for comparison between discounts, the minimum and maximum discount amounts were calculated in NIS based on a 70 m² home, however, the maximum discount can reach up to NIS 12,700 for a 100 m² home and even higher in cases where the discount has no size limitations (Table 3). The amount of the discount plays a significant role in the issue of benefit take-up, as benefit size is recognized as one of the common barriers to benefit take-up (Dahan and Nisan, 2011).

The various discounts can be classified according to several characteristics: The first characteristic is the type of governmental social policy underpinning the discount. Some discounts are "support-based discounts," intended to assist various vulnerable and needy populations (such as recipients of income support, elderly individuals receiving old-age pensions or income supplements, recipients of long-term care benefits, parents of soldiers who support their child, recipients of child support, and individuals with cognitive disabilities living in the community). These discounts, based on low income or other forms of need, tend to exhibit low take-up rates because they require the submission of a new application each year to reassess the applicant's current income level, and they cannot be automatically renewed.

The distinction between income-tested discounts and universal discounts is important, as providing discounts based on residents' economic status helps reduce inequality, whereas offering discounts without an income test increases economic inequality through two channels: by granting benefits to high-income earners, and by impairing local services due to loss of revenue for the municipality.

These are the so-called "recognition discounts," intended to acknowledge individuals' contributions to society (such as discounts for IDF disabled veterans, participants in national or civil service, South Lebanon Army veterans, and Righteous Among the Nations) or to recognize historical injustice caused to populations because they were Jewish or Israeli (such as discounts for Holocaust survivors, Prisoners of Zion, Nazi war invalids, released captives, victims of terrorism, or family members of executed resistance fighters). For these discounts, which are not subject to an income test, the take-up rate is expected to be higher, both because eligibility involves fewer barriers, and because they are often eligible for automatic renewal. Hence, the importance of examining the "cost" in terms of reduced progressivity due to these discounts, as will be demonstrated later in this study.

A second characteristic concerns the degree of adoption or deviation by the local authority in implementing central government policy, as reflected in the extent to which the municipality exercises its discretion in granting the discount, and in its use of National Insurance Institute data files to allow automatic benefit provision. In theory, the Arnona

discount, being a benefit supplementary to central government allowances, can be granted automatically following the establishment of data-sharing mechanisms between government ministries and local authorities. In practice, automatic provision of the discount based on government-generated files or reports is only feasible for some discounts, as many are subject to additional secondary criteria imposed by local authorities, such as income tests (for example, "needy" discounts, income-tested discounts, or municipalities that require income verification for single-parent discounts). Thus, the use of National Insurance data files has a positive effect on benefit take-up, but this effect is constrained when the municipality adds secondary criteria that function as bureaucratic barriers. A recent study showed that, contrary to the assumption that "passport" benefits linked to state allowances pave the way for recipients and reduce the administrative burden placed upon them, in practice this is not the case, even though that was supposed to be the principal advantage of this policy instrument (Tarshish et al., 2023).

Additional characteristics include the origin of the discount (as a benefit supplementing allowances granted by the National Insurance Institute, Ministry of Defense, Ministry of Interior, Ministry of Finance, and Yad Vashem) and the legal requirement to submit a formal application as a condition for receiving the discount: According to Section 4 of the Economic Arrangements Regulations (Arnona Discount), 1993, most regulated discounts "shall be granted based on a signed application submitted by the applicant to the local authority using Form 1 of the Appendix." (Examples of discounts requiring application: for the blind, immigrants, Prisoners of Zion, and Nazi persecution victims; Examples of discounts not requiring application: senior citizens, persons with disabilities entitled to a monthly allowance, recipients of long-term care benefits). The requirement to submit a signed application as a condition for receiving the Arnona discount is a bureaucratic procedure that may constitute an administrative barrier, as opposed to automatic provision of the discount, which does not require any active steps by the resident, such as form completion.

The heavy administrative burden involved in applying for an Arnona discount is evident from the website of the Tel Aviv Municipality, which is considered one of the most advanced and accessible in the country. The rights listed on the website consist of a series of qualifying and disqualifying conditions, the comprehension of which requires advanced literacy and familiarity. Applicants are required to submit numerous documents to the municipality, issued by various governmental authorities, some of which necessitate in-person visits, as not all approvals can be obtained online. For example, an applicant seeking an income support-based discount must submit a copy of their ID card and its appendix to the municipality, and the address listed on the appendix must match the one listed in the Arnona records. If this is not the case, the applicant must apply to the Population and Immigration Authority to obtain an updated appendix.[4]

[4] It is important to note that only recipients of income support whose eligibility was determined prior to 2003 are entitled to an Arnona (municipal property tax) discount.

In contrast to this administrative burden, the advantages of automatic benefit take-up are evident: The residents are not required to navigate the complexities and burdens of verifying their eligibility; they are not required to take any action, whether online (if they are digitally literate) or in-person; they are not required to physically visit other authorities' offices or lose time obtaining various certificates; nor are they required to enlist the help of a legal proxy, when applicable.

In 1993, the National Insurance Institute began producing reports listing the names of municipal residents recognized by the Institute as eligible for various rights that entitle them to a residential Arnona discount, with the aim that the discounts would be granted to residents automatically and proactively, without burdening them with the need to apply for the discount or prove their eligibility. Since for 25 out of 41 types of discounts, a certificate from the National Insurance Institute must be presented to the local authority, the automatic receipt of data files from the Institute holds substantial potential for improving benefit take-up.

At that time, the Internet was still in its infancy, and the reports were printed on paper using dot-matrix printers, which were considered state-of-the-art technology, and then sent by mail, but not to all municipalities—only to those willing to pay for the report's production. As technology progressed and the digital era unfolded, the National Insurance Institute shifted in the early 2000s to delivering these reports as electronic files on diskettes, and in the past decade began transmitting the files via digital interfaces, directly into the computer systems of municipal revenue departments.

Nonetheless, even today, the list of National Insurance beneficiaries in the local authorities' Arnona discount databases is updated only once a year, meaning the automatic update of eligibility occurs annually, starting from the date the file is received and onward. This update, as noted, operates only prospectively, and does not apply retroactively to payments made earlier that year, so that local residents who became eligible during the year, prior to the update file's transmission date, do not benefit from the automatic process, at least not until their eligibility and affiliation with the municipality are identified at the next annual data transfer. In addition to the National Insurance Institute, the Ministries of Defense and Finance also maintained lists of municipal residents recognized by them as eligible for rights granting Arnona discounts, such as disabled IDF veterans (Ministry of Defense) and victims of Nazi persecution (Ministry of Finance – Authority for Holocaust Survivors' Rights), and they too began transmitting reports to the local authorities.

However, the local authorities' cooperation proved to be limited in scope, seemingly indicative of a behavior aligned with the interest of preventing revenue loss. Thus, not every municipality that received or still receives these reports actually makes use of them: some do not use the files at all, and others use the files solely to verify and audit applications that residents submitted on their own initiative.

Individuals who became eligible for income support after 2003 are not entitled to this discount.

The State Comptroller, who examined this phenomenon in 2015 (Report 65c), criticized the local authorities on the issue of insufficient benefit take-up, but the Federation of Local Authorities defended the municipalities and expressed firm opposition to any interference with their discretionary powers. In a follow-up audit conducted in 2021 (Report 72a), it was found that the issue had yet to be resolved by the interministerial team appointed for that purpose.

As for the agencies transmitting the reports, they did not know in the past, and still do not know today, whether the local authority is in fact using the data files to implement automatic benefit take-up. While central government entities lack legal authority to enforce the granting of these discounts, the question arises to what extent they, as agencies responsible for social security, are obligated to ensure or take action to promote the increase of benefit take-up by local authorities.

4. METHODOLOGY AND FINDINGS

No public entity holds information on the extent of take-up of the property tax (Arnona) discount eligibility. The administrative data available to the public include National Insurance data on the number of benefit recipients, representing the pool of potentially eligible households for the Arnona discount and data from the Central Bureau of Statistics on the number of households in each municipality. These data do not reveal the actual number of households receiving the discount and therefore do not allow the calculation of the number of households utilizing the benefit, nor the ratio between the potentially eligible population and the actual recipients namely, the take-up rate of the Arnona discount entitlement.

To fill this empirical information gap, data files from the Ministry of the Interior, unavailable to the general public, were utilized and provided specifically for this study. These files allowed, for the first time, the calculation of both the rate of benefit utilization by households and the estimation of the take-up rate by merging and cross-referencing the National Insurance database, which contains the pool of potentially eligible individuals, with the Ministry of the Interior database, which records the actual number of recipients. This was done on a nationwide scale over an 11-year period (2010–20). This approach made it possible to compare five grounds for Arnona discount eligibility. Had each year been examined individually, the results would have been subject to a lower degree of accuracy, since National Insurance files refer to individuals who were entitled to a benefit within a calendar year, while Ministry of the Interior data reflect individuals who actually received a discount within that same year. Consequently, an individual may have been recognized by National Insurance toward the end of the year but had not yet received the discount within that calendar year. However, because the cross-referencing was conducted over an 11-year period, it can reasonably be assumed that the length of the period compensates for the annual misalignments. Thus, in this context, the dataset merger can be regarded as sufficiently reliable.

A second approach involved an in-depth and detailed analysis of two local authorities, one small and one large, during the years 2020–23, focusing on a single eligibility ground. From the smaller municipality, additional data were obtained, which allowed for the identification of the phenomenon of temporary non-takeup of Arnona discounts and its extent within that municipality. Additionally, the distribution of discounts was examined relative to household income levels, revealing the degree of regressivity and progressivity associated with the discounts under study.

a. Measuring the Rate of Benefit Utilization—Share of Households Receiving Arnona Discounts

The audit department files of the Ministry of the Interior, which began collecting data in 2010, include information for each of the local authorities. These data were compiled by accountants commissioned by the Ministry of the Interior for this purpose and include information on the amounts of discounts and the number of recipients by defined grounds of eligibility, including eligibility for National Insurance benefits. The Ministry of the Interior data are not publicly available and were provided specifically for this study and for a previous study on Arnona discounts (Dahan, 2022).

To estimate the share of households receiving the discount, the overall extent of discount utilization by households was first examined, based on all discount eligibility grounds. For this purpose, the number of households receiving discounts according to Ministry of the Interior data, was cross-referenced with Central Bureau of Statistics data on the number of households in all local authorities in Israel, over an 11-year period (2010–20). It should be noted that the cross-referencing was performed in two ways. The first, presented in Table 4, shows a longitudinal (panel) view, counting in each year all authorities with complete data (even if certain authorities were missing data in other years), and the second, in Table 4.1, emphasizes a longitudinal view for a fixed group of local authorities (a balanced panel), including only authorities with complete data across all years, yielding a consistent full sample (120 shared authorities). Both tables display an almost identical picture, indicating that the ratio between the number of Arnona discount recipients (across all eligibility grounds) and the total number of households exceeds 50 percent, on average, over the years.

This finding constitutes further empirical evidence of the scope and magnitude of the Arnona discount, confirming its status as the largest supplementary benefit in Israel.

b. The First Approach—Aggregate Measurement of Take-Up Rate at the Municipal Level

The administrative data of the National Insurance Institute on population and benefit recipients by locality are available in the statistical bulletin on the Institute's website, but of the 26 benefits that confer Arnona discount eligibility, only five are included: recipients of long-term care benefit, disabled child benefit, general disability benefit, old-age pension, and old-age pension with income supplement. Recipients of these benefits are eligible for

residential Arnona discounts and are considered in this study as potential beneficiaries. Since these five grounds represent a substantial share of Arnona discount eligibility, cross-referencing the data for them yields meaningful and substantial research findings.

These data were cross-referenced with Ministry of the Interior files. The take-up rate was calculated by dividing the number of actual recipients by locality and eligibility ground (from the Ministry's data) by the number of National Insurance benefit recipients by locality and eligibility ground (representing the potential beneficiary population), for the five merged eligibility categories. The analysis does not include recipients from the Ministry of Defense and Ministry of Finance (Holocaust survivors) due to the absence of available data on the number of these beneficiaries. Similarly, no data exist on the number of low-income households eligible for Arnona discounts; thus, the take-up rate for this group could not be estimated except for old-age pensioners eligible for income supplement.

The gap between the number of eligible individuals (according to National Insurance data) and the actual number of recipients (according to Ministry of the Interior data) spans the entire study period, 2010–20, for a group of 212 to 243 local authorities, representing 83–95 percent of all municipalities in Israel, thereby minimizing the potential impact of changes in population composition or migration between authorities. Measuring the take-up rate at the municipal level enables presentation of both the overall average indicating the phenomenon's scope and the variation between local authorities. This opens the door for comparing municipalities with high and low take-up rates and for investigating correlations with local authority characteristics, such as population size and residents' socioeconomic status.

A comparison between the potential number of eligible individuals (from National Insurance data) and the actual number of discount recipients (from Ministry of the Interior data) for the five eligibility grounds, over the 11-year period (2010–2020), revealed that the Arnona discount take-up rate is approximately 40 percent, with minor fluctuations throughout the examined years (Figure 1). It should be noted that cross-referencing was performed in two ways. The first, presented in Figure 1, offers a longitudinal (panel) view, counting in each year all authorities with complete data (even if other years were missing for some authorities), and the second, in Figure 1.1, provides a longitudinal view for a fixed group of local authorities (a balanced panel), including only those with full data across all years—a consistent full sample of 147 shared authorities. Subsequently, comparisons and segmentations were conducted by economic cluster, sector (Arab, ultra-Orthodox, and Jewish), and authority size. Table 5 shows a correlation between economic cluster and benefit take-up rate: the lower the economic cluster, the lower the take-up rate. Table 5.1 reveals that the lowest average take-up rate is found in Arab authorities, a higher rate in ultra-Orthodox authorities, and the highest in Jewish authorities. Table 5.2 also indicates a lack of significant correlation between the size of the authority and the take-up rate.

c. Limitations of the First Approach to Measurement

The advantage of the first estimation approach lies in its provision of an important benchmark for assessing the take-up rate, based on aggregate data at the local authority level, with relatively broad coverage over time. However, this estimation suffers from several biases:

(a) Dual-eligibility bias: Residents eligible for an Arnona discount under two or more categories who opt for the higher discount e.g., an elderly individual eligible for a 25 percent discount for receiving an old-age pension and a 70 percent discount for receiving a long-term care benefit would appear twice in the list of potential beneficiaries but only once among actual recipients.

(b) On-paper eligibility bias: Residents who receive a National Insurance benefit but are not eligible for an Arnona discount because they do not hold property—for example, elderly people receiving an old-age pension who live with their children and are not registered as a property holder, are considered a potential beneficiary, but in practice cannot exercise their right.

(c) Multiple-beneficiary bias: When multiple eligible individuals reside in the same dwelling, they are entitled to only one discount. For example, two spouses both receiving old-age pensions are eligible for a single Arnona discount.

As a result of these biases, the estimated number of potential beneficiaries under this approach is inflated, which artificially lowers the estimated take-up rate compared to the actual rate. Technically, the estimated take-up rate is too low because the inflation of the potential beneficiary count increases the denominator of the take-up formula. Nonetheless, this approach provides a valuable reference point that allows the assessment of how the tightening, by local authorities, of eligibility conditions defined by the central government as a default, reduces the number of eligible households. It should be recalled that local authority leaders have an incentive to reduce the number of potential Arnona discount recipients in order to increase local government revenue. Therefore, the strength of the first approach lies in its provision of an estimate of the take-up rate from the perspective of the central government. However, the drawback of treating this number as a definitive central government estimate lies in the fact that, in some cases, the central government is aware of local authority decisions and does not act to revoke their discretion via legislation, although it could. Accordingly, we consider the take-up rate derived from the first approach as a lower bound estimate of the actual take-up rate from the central government's perspective.

d. The Second Approach—Micro-Level Estimation in Two Local Authorities

In the second approach, a micro-level assessment of households eligible for an Arnona discount based on old-age status was conducted in a small local council (a locality with up to 10,000 residents) and in a large municipality (with over 200,000 residents) during the years 2020–23.

As shown in Table 6, the take-up rate based on a detailed household-level analysis in the small local authority between 2020–23 reaches up to 95 percent, markedly higher than the benchmark estimate from the first approach. Table 7, which presents household-level take-up in the large municipality, demonstrates that this bias is not limited to small local authorities. The household-level data in this municipality yield a maximum take-up rate of 75 percent, compared to an average of only 32 percent in the first approach.

The advantage of the second approach lies in the reliability of the take-up calculation, as it eliminates the measurement biases of the first approach. However, its limited scope (only two authorities) raises questions about the generalizability of its findings.

There is a noticeable difference between the Arnona take-up rates for the five eligibility categories studied and the take-up rates in other social programs in Israel. As demonstrated in the literature review of studies conducted in Israel, the take-up rate for universal social programs exceeds 90 percent. This study shows that the take-up rate for five universal Arnona discounts (those not subject to local means testing) is 40 percent under the benchmark first approach and rises to 75 percent in the second approach for a large municipality. That is, the take-up rate for universal Arnona discounts (not subject to local income testing) is lower than that of universal social programs, assuming the large municipality's rate is representative of the national level.

At first glance, the 75 percent take-up rate in a large Israeli municipality resembles the take-up rates in the UK's equivalent Arnona discount program, 75 percent (Finn and Goodship, 2014) or 80 percent (Hernanz et al., 2004). However, the UK take-up rate was calculated based on all types of discounts, including those subject to means testing and "passport benefits" for other benefit recipients. In contrast, the individual-level take-up rate in the large Israeli municipality excludes low-income-based discounts, which are expected to have a lower take-up rate, as suggested by the take-up rates in Israel's income support program (Gottlieb, 2021). That is, the take-up rate in Israel would likely have been even lower than in the UK if low-income Arnona discounts had been included in the calculation.

e. Estimating Temporary Non-Takeup

This study uses detailed data on residents of a small local authority to uncover the extent of temporary non-takeup. Temporary non-takeup refers to the failure to claim a property tax discount for a period of less than one year, as opposed to prolonged non-takeup where eligible residents do not exercise their rights for a year or more .This phenomenon arises from the fact that many local authorities update the National Insurance eligibility files in their databases only once a year. A sample survey conducted in 15 local authorities revealed that in 11 of them, a resident who becomes eligible for a property tax discount during the year will only receive the discount if they apply proactively, and not automatically, and even during the annual automatic update, the discount is not granted retroactively from the date eligibility arose, but only from that point forward. As a result, a resident who becomes eligible

during the year, but after the last update, will not receive the automatic discount unless they actively submit an application bearing the full administrative burden that entails.

The temporary non-takeup rate is defined as the number of new persons eligible for a property tax discount in a given year divided by the number of residents who became newly eligible that year after the annual update of the National Insurance eligibility list in the local authority's database, but did not receive a discount until the next update. This latter group is, in fact, the population affected by temporary non-takeup.

In a case study of a small local authority, a detailed review was conducted of those eligible for a discount for the first time in a calendar year who did not proactively apply for the discount, and the findings showed that over a three-year period, the average rate of temporary non-takeup across all eligibility criteria was about 25 percent (Table 8). That is, the combination of annual update frequency and a non-retroactive discount policy results in a quarter of eligible individuals failing to realize their entitlement. Estimating the temporary take-up rate is important in providing essential information for policymakers considering how frequently local authorities should update their National Insurance eligibility databases. It is also significant from the resident's perspective, given the substantial financial value of property tax discounts.

f. The Progressivity of Property Tax Discounts

The property tax (Arnona) is inherently regressive, as it is levied based on the size of the dwelling without consideration of the occupant's income. Consequently, two neighbors living in homes of equal size within the same building are taxed identically, even if their incomes differ significantly. Nonetheless, it is expected that Arnona discounts will be granted on a progressive basis, as a matter of social policy.

Individual-level data from a small local authority were also used to deepen the analysis, examining the extent to which each property tax discount is progressive or regressive, based on household wealth, measured by the home's size and the amount of municipal tax paid for residence. This analysis reveals who benefits more from property tax discounts by level of wealth, detailing according to the eligibility criterion. This study presents the incidence of each property tax discount based on individual-level data, thereby contributing to the advancement of knowledge previously based on aggregate data at the municipal level (Dahan, 2022).

This examination is of great importance, as the property tax discount program is intended to implement the central government's social and economic policy, and the degree of progressivity or regressivity of the discounts is crucial in evaluating whether this social policy is truly being realized. As emerges from the classification of property tax discounts, the underlying social policy can be categorized into two social objectives: First, the subsidization and support of economically disadvantaged populations, aimed at reducing inequality (support-based discounts), and second, the recognition of population groups whose contributions the state seeks to acknowledge (recognition-based discounts). First, municipal

property tax is levied based on the home's size, which itself serves as a proxy for the resident's economic status, Therefore, it is natural and justified to employ these tax discounts to ease the burden on residents in need of economic support, as a discount from the tax levied on the property is directly tied to the financial burden borne by the household. In contrast, recognition and acknowledgment of the contributions and actions of certain populations (i.e., recognition-based discounts) are unrelated to their economic status or home size. Therefore, granting discounts to recognized groups entails a dual cost: an increase in inequality among local residents, according to the degree of regressivity associated with recognition-based discounts, and the reduced services available to weaker residents due to revenue loss (Dahan, 2022).

The assessment of the progressivity or regressivity of property tax discounts thus serves as a complementary analysis to estimating the rate of benefit take-up. This is because the benefit take-up rate aims to measure the implementation of the government's social policy, and the extent to which benefits provided through various programs actually reach their intended recipients. Therefore, it is essential to examine this topic as an integral part of any study addressing benefit realization.

To carry out this analysis, it is necessary to examine the correlation between the income level of discount recipients and the amount of discount they receive. However, data on household income are not available in the local authority's database. Therefore, home size was used as a proxy indicator for household income, based on the assumption that households with higher incomes are more capable of purchasing larger homes. The plausibility of this correlation can be supported by the relationship found in the 2019 Central Bureau of Statistics datasets between home size at the locality level (based on the Local Authorities File) and income at the locality level (according to the components of the socioeconomic index), taking into account the measurement limitations inherent in comparing areas that do not belong to the same socioeconomic cluster. Accordingly, the incidence of property tax discounts was calculated based on home size (as a proxy for income level), and the amount of the property tax discount received by the household.

Table 9 presents the average discount granted in a small local authority (1,170 households), categorized by deciles of home size, including households that did not receive any discount. In addition, the table shows the concentration index of the property tax discount, which is calculated as the product of the Gini coefficient for a given discount and the Gini correlation of that same discount, reflecting the correlation between the household's relative position by home size and its relative position based on the amount of the property tax discount received. The concentration index ranges from minus one, indicating maximum progressive incidence of the property tax discount, to positive one, which represents maximum regressive incidence of the property tax discount.

As home size serves as an income indicator, but is also a factor in determining eligibility for the discount, (the size of the discount depends on the size of the home), Table 9 was split into two separate tables: One including discounts that depend on home size, and the other

including only discounts that are independent of home size, in order to facilitate interpretation of the findings.

The concentration index for all property tax discounts combined stands at 0.068, reflecting a neutral incidence, which represents the net effect of progressive discounts offset by regressive ones. As expected, the property tax discount based on income testing and the senior citizen discount with income supplement are progressive. However, it is surprising to find that the senior citizen discount with income supplement has a more progressive incidence than property tax discounts based solely on low income. The concentration index for recipients of property tax discounts based on eligibility for general disability benefits is close to zero, indicating a uniform discount across all home size deciles.

The property tax discount for recipients of long-term care allowance is the most regressive. The concentration index for the long-term care discount, which is not closely linked to economic status, but rather to age and health condition, indicates a regressive incidence. The concentration index for the property tax discount based on the long-term care allowance is even higher than that of the 25 percent senior citizen discount, which also contributes to increasing inequality, as wealthier individuals with larger properties receive more substantial discounts compared to senior citizens in the lower deciles. The regressive incidence of the long-term care discount is likely due to this being the only allowance with no asset size limitation for eligibility.

Additionally, it appears that recipients of the long-term care allowance tend to own larger properties accumulated over longer lifespans due to their age, as opposed to younger couples who typically reside in much smaller dwellings. It is possible that the universal design of the discount for long-term care recipients was motivated by concern over non-takeup among a dependent population, who are unlikely to claim their rights except through the support of those around them. The incidence of the discount for a child with disabilities is also regressive, and likely reflects a combination of higher take-up rates for child disability benefits from the National Insurance Institute among stronger families with larger homes. It is also clearly evident that recognition-based discounts are regressive: Discounts for IDF disabled veterans and bereaved families have a concentration index greater than +0.4, and discounts for victims of Nazi persecution have a positive concentration index of approximately +0.3. That is, recognition-based discounts are clearly regressive, in contrast to the expected progressiveness of income-tested property tax discounts. These findings replicate the results of Dahan (2022), but this time based on detailed household-level data (as opposed to municipal-level data). Thus, the conclusion that the mix of property tax discounts in Jewish municipalities (which include more recognition-based discounts) is less progressive than the mix in Arab municipalities, is supported by this analysis based on individual-level data. This current study should be regarded as an important addition to previous work on measuring the progressiveness of property tax (Dahan, 2022), which relied on administrative data at the municipal level.

5. SUMMARY

This study is the first to estimate the take-up rate of eligibility for residential property tax discounts in local authorities in Israel, and it joins a small body of international research on take-up of local tax benefits.

The take-up rate was estimated using two approaches. The first approach calculated the take-up rate at the aggregate level for a sample ranging from 212 to 243 local authorities (out of 255 in Israel) for each of the years 2010 to 2020. This measurement was made possible by merging data from the Ministry of the Interior, provided specifically for this study, with data from the National Insurance Institute. A comparative analysis examining five main grounds for residential property tax discounts revealed that the average take-up rate among the surveyed local authorities was about 40 percent, with relatively minor fluctuations over the study period. The advantage of this approach lies in establishing an important benchmark for estimating the take-up rate, based on aggregate-level data across a wide range of local authorities over time. Its limitation stems from measurement biases due to the phenomenon of "on-paper eligibility."

The second approach estimated the take-up rate at the household level in two local authorities for a single eligibility criterion between 2020 and 2023. This estimation eliminates the measurement biases inherent in the first approach, resulting in a take-up rate exceeding 70 percent in the larger authority and over 90 percent in the smaller one. The strength of the second approach lies in its accuracy, but its limitation is its narrow scope, which raises questions about the generalizability of the findings.

Another significant finding is the separate phenomenon of temporary non-takeup, which occurs within each calendar year and is distinct from prolonged non-takeup. Temporary non-takeup results from the fact that National Insurance data are used only once a year; thus, individuals who become eligible during the calendar year preceding the annual update do not receive the discount automatically. A case study in a small local authority, based on detailed household-level data, found that one-quarter of newly eligible individuals in a calendar year did not realize their entitlement.

Although the second approach, benefiting from higher reliability due to individual-level data, produced a higher take-up rate than the first approach, the take-up rate for universal property tax discounts measured in the large municipality still falls short of the take-up rates of universal benefits in Israel and of local tax discounts in the UK. This is despite significant efforts by the central government to enhance take-up of property tax discounts, ranging from the adoption of a uniform policy in 1993 to reducing administrative burdens on residents by waiving application requirements for some eligibility grounds and transferring National Insurance files to local authorities. This finding is surprising in light of Alon and Dahan (2025), who concluded that local authority professionals are generally not inclined to create administrative barriers to claiming property tax discounts. Interviews with treasurers and collection managers indicated that residents are sensitive to property tax discounts, and this sensitivity influences both the explicit and implicit messages conveyed by political leaders

to minimize friction with residents in the claims process. Moreover, few local authorities exercise their discretion to restrict discretionary discounts (Alon and Dahan, 2025).

The estimation and calculation carried out using both approaches suggest that take-up rate estimates based on aggregate-level data are significantly biased, and that in discount programs with complex eligibility criteria, researchers may encounter a large quantitative gap between theoretical entitlements and actual receipt—termed "on-paper eligibility." This finding serves as a warning to studies that estimate take-up rates without using individual-level data.

The findings of this study highlight two administrative steps that local authorities can take to reduce the phenomenon of non-takeup of property tax discounts. Decision makers may change the frequency with which eligibility lists are updated in local authority databases—for example, from an annual to a quarterly or monthly frequency. The technical feasibility of such a step is high, as similar mechanisms are already familiar to administrative personnel. Another possible measure is the full or partial elimination of the requirement to submit an application as a condition for receiving a property tax discount, allowing the local authority to proactively grant discounts without requiring residents to apply, based on the information in its possession—whether from National Insurance files, social welfare records, or proactive identification of eligible individuals.

The estimation of the progressivity of property tax discounts using detailed household-level data from a small local authority revealed that recognition-based discounts (such as those for disabled IDF veterans, bereaved families, and Nazi persecution survivors) are regressive, in contrast to the expected progressivity of income-tested discounts. These results are consistent with Dahan (2022), but their added value lies in being based on household-level data. That is, recognition-based discounts impose a cost in terms of inequality, whether the estimation of their incidence is based on aggregate municipal-level data or on detailed household-level data. This information is vital for public discourse on the role of property tax discounts in Israel's broader social policy.

Natural extensions of this study would include measuring take-up rates and the incidence of property tax discounts based on household-level data in additional local authorities. The main challenge in such follow-up research is securing the cooperation of local authorities due to concerns over privacy, or fears of receiving a low score on the rights take-up index among local authorities. At least regarding privacy concerns, the appropriate solution may be to call upon a national body such as the Central Bureau of Statistics to construct an administrative data repository encompassing all local authorities, similar to the existing individual-level earnings database based on tax authority and National Insurance data. Another natural extension would be the measurement of additional discount eligibility grounds beyond the five examined in this study, though the challenge in such research would be securing the publication of municipal-level administrative data from other agencies such as the Ministry of Finance and Ministry of Defense.

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TABLES AND FIGURES

Table 1
Take-Up Rates in US Social Benefit Programs

Year	Program	Source	Take-up rate (%)
1995	AFDC	Falk (2017)	82%
2012	TANF	Falk (2017)	28%
2005-2009	EITC	Jones (2013)	77%-81%
2009	Medicaid	Kenney et al. (2012)	67% (for adults)
2014-2017	Medicaid	Decker et al. (2022)	46% (for adults)
1996	SNAP	USDA (2022)	65% (for households)
2019	SNAP	USDA (2022)	84% (for households)
2015	Housing Assistance	Kingsley (2017)	21% (Rationed Program)

Source: Ko and Moffitt (2022).

Table 2
Take-Up Rates by Continent

Continent	Range of Take-Up Rates
Europe	20% to 99%
Asia (Japan)	16% to 23%
North America (Canada)	13% to 92%
Oceania	26% to 100%

Source: Ko and Moffitt (2022).

Table 3
Detailed Table of Property Tax Discounts (Arnona)

Discount Category	Authorizing Government Office	Discount Percentage	Discount (NIS) for 70 sqm[5]	Alternative Discount (NIS) for 70 sqm[6]
Senior citizen receiving income supplement**	National Insurance Institute	100%	8,890	2,520
Senior citizen receiving old-age/survivor pension**	National Insurance Institute	25%	2,223	630
Senior citizen meeting income test under Senior Citizens Law**	National Insurance Institute	30%	2,667	756
Senior citizen receiving pension without income supplement**	National Insurance Institute	25%	2,223	563
Senior citizen receiving both pension and income supplement**	National Insurance Institute	100%	8,890	2,250
Senior citizen eligible for long-term care allowance from NII***	National Insurance Institute	70%	6,223	1,575
Disabled person eligible for full monthly pension with ≥75% disability	National Insurance Institute	80%	7,112	1,800
Disabled person with permanent ≥75% disability before old-age pension***	National Insurance Institute	80%	7,112	1,800
Disabled person with ≥90% medical disability***	National Insurance Institute	40%	3,556	900
Disabled war veteran against Nazis*	Ministry of Finance	66%	5,867	1,485
Disabled from Nazi persecution receiving pension from Germany/Netherlands/Austria/ Belgium*	Ministry of Finance	66%	5,867	1,485

[5] According to the maximum rate approved by the Ministry of the Interior for the year 2022 (NIS 127)

[6] According to the minimum rate approved by the Ministry of the Interior for the year 2022 (NIS 36)

Recipient of disabled child allowance**	National Insurance Institute	33%	2,934	743
IDF disabled veterans and bereaved families*	Ministry of Defense	66%	5,867	1,485
Disabled police officer*	Ministry of Defense	66%	5,867	1,485
Disabled prison service officer*	Ministry of Defense	66%	5,867	1,485
Blind person with blind certificate***	Blind Certificate Authority	90%	8,001	2,025
Mentally disabled person in community***		Variable	Based on household size	
Prisoner of Zion receiving benefit based on income test**	National Insurance Institute	100%	8,890	2,250
Prisoner of Zion*	National Insurance Institute	66%	5,867	1,485
New immigrant (1-year period only)**	Ministry of Interior	90%	8,001	2,025
Dependent immigrant eligible for special/long-term care pension***	Interior Ministry & NII	80%	7,112	1,800
SLA (South Lebanon Army) member (1-year period only)*	Ministry of Defense	66%	5,867	1,485
Righteous Among the Nations***	Yad Vashem	66%	5,867	1,485
Single parent with child under 18 or in military/national service***		20%	1,778	450
Freed captive***	Ministry of Defense	20%	1,778	450
Victim of hostile action*	National Insurance Institute	66%	5,867	1,485
Relative of national hero*	National Insurance Institute	66%	5,867	1,485
Soldier in compulsory service (up to 4 months post-discharge)*	Ministry of Defense	100%	8,890	2,250

National service volunteer*	National Insurance Institute	100%	8,890	2,250
Civil service participant*	National Insurance Institute	50%–100%	8,890	2,250
Full-track civil guard (40 hrs/week avg. for 12 months)**	National Insurance Institute	50%	4,445	1,125
Split-track civil guard (20 hrs/week avg. for 24 months)**	National Insurance Institute	75%	6,668	1,688
National-civil security service participant**	National Insurance Institute	50%	4,445	1,125
Social civil service (30 hrs/week avg. for 2 years)**	National Insurance Institute	75%	6,668	1,688
Social civil service (20 hrs/week avg. for 3 years)**	National Insurance Institute	75%	6,668	1,688
Parent of soldier financially supported by soldier**	National Insurance Institute	100%	8,890	2,250
Resident in Sderot/Gaza envelope area***		45%	4,001	1,013
Income-tested discount recipient**		40%–90%	8,001	2,268
Needy person (committee review)***		70%	6,223	1,575
Recipient of income support (conditions apply)***	National Insurance Institute	70%	6,223	1,575
Recipient of alimony pension (conditions apply)***	National Insurance Institute	70%	6,223	1,575

* For households of up to four members, the discount applies to the first 70 square meters; for households of five members or more, the discount applies to the first 90 square meters.

** The discount applies to the first 100 square meters.

*** There is no limitation on the number of square meters eligible for the discount.

Table 4
Statistical Description of the Number of Households and Discount Recipients, 2010–2020

Year	Number of Municipalities with Data on Both Households and Discount Recipients	Number of Households	Number of Actual Discount Recipients (All Eligibility Categories)	Percentage of Discount Recipients Out of Total Households
2010	164	1,932,741	895,244	46%
2011	176	2,044,995	1,027,465	50%
2012	187	1,853,383	1,079,302	58%
2013	188	2,161,275	1,048,738	49%
2014	191	2,156,498	1,130,210	52%
2015	189	2,202,356	1,147,697	52%
2016	192	2,258,387	1,205,676	53%
2017	193	2,273,465	1,201,987	53%
2018	198	2,397,637	1,292,511	54%
2019	189	2,406,481	1,324,176	55%
2020	194	2,445,344	1,432,733	59%

Note: The table presents the proportion of households receiving a property tax discount, based on Ministry of Interior data regarding actual recipients of residential property tax discounts across all eligibility criteria. Also shown is the total number of households in municipalities with available data on discount recipients, as published annually by the Central Bureau of Statistics (CBS). Regional councils were excluded due to the unavailability of household data.

Table 4.1
Statistical Description of the Number of Households and Discount Recipients, 2010–2020

Year	Number of Municipalities with Data on Both Households and Discount Recipients (All Years)	Number of Households	Number of Actual Discount Recipients (All Categories)	Percentage of Discount Recipients Relative to Households
2010	120	1,609,890	756,413	47%
2011	120	1,633,860	827,608	51%
2012	120	1,508,985	850,144	56%
2013	120	1,687,502	827,821	49%
2014	120	1,708,148	893,332	52%
2015	120	1,736,218	898,404	52%
2016	120	1,767,392	933,486	53%
2017	120	1,798,787	929,949	52%
2018	120	1,837,854	986,425	54%
2019	120	1,871,640	1,038,356	55%
2020	120	1,906,993	1,107,990	58%

Note: The table presents the proportion of households receiving a discount based on Ministry of Interior data on the actual number of households receiving residential property tax discounts under all eligibility categories. It also includes the aggregate number of households in municipalities with available discount recipient data, sourced from the annual local authority files published by the Central Bureau of Statistics. Regional councils are excluded due to lack of data on the number of households.

Table 5
Average Take-Up Rate by Socioeconomic Cluster

Socioeconomic Cluster	Average Take-Up Rate
Clusters 1–2	27%
Clusters 3–4	36%
Clusters 5–6	40%
Clusters 7–8	41%
Clusters 9–10	46%

Source: Author's calculations based on Ministry of Interior and National Insurance Institute data.

Note: This table presents the average take-up rate for five eligibility categories for residential property tax discounts (nursing allowance, disabled child, general disability pension, old-age pension, and old-age pension with income supplement) measured between 2010–2020 in 252 municipalities (not all sampled each year; sample size ranged from 212 to 243 over the years). The take-up rate was calculated as the ratio between the actual number of discount recipients (Ministry of Interior data) and the number of potential beneficiaries (National Insurance Institute data). Municipality classification is based on CBS 2017 definitions.

Table 5.1
Average Take-Up Rate by Sector

Sector	Average Take-Up Rate
Ultra-Orthodox (9 localities)	39%
Arab (76 localities)	32%
Non-Ultra-Orthodox Jews (167 localities)	41%

Source: Author's calculations based on Ministry of Interior and National Insurance Institute data.

Note: This table presents the average take-up rate for five eligibility categories for residential property tax discounts (nursing allowance, disabled child, general disability pension, old-age pension, and old-age pension with income supplement) measured between 2010–2020 in 252 municipalities (not all sampled each year; sample size ranged from 212 to 243 over the years). The take-up rate was calculated as the ratio between the actual number of discount recipients (Ministry of Interior data) and the number of potential beneficiaries (National Insurance Institute data). Municipality classification by sector was performed by the author.

Table 5.2
Average Take-Up Rate by Municipality Population Size

Municipality Population Size	Average Take-Up Rate
Up to 10,000 residents (82 municipalities)	40%
10,000–20,000 residents (63 municipalities)	37%
20,000–50,000 residents (69 municipalities)	40%
50,000–100,000 residents (22 municipalities)	40%
100,000–200,000 residents (7 municipalities)	40%
Over 200,000 residents (9 municipalities)	37%

Source: Author's calculations based on Ministry of Interior and National Insurance Institute data.

Note: This table presents the average take-up rate for five eligibility categories for residential property tax discounts (nursing allowance, disabled child, general disability pension, old-age pension, and old-age pension with income supplement) measured between 2010–2020 in 252 municipalities (not all sampled each year; sample size ranged from 212 to 243 over the years). The take-up rate was calculated as the ratio between the actual number of discount recipients (Ministry of Interior data) and the number of potential beneficiaries (National Insurance Institute data). Municipality classification by population size is based on CBS 2017 definitions.

Table 6
Take-Up Rate Measurement Based on Household-Level Data in a Small Municipality

Take-Up Measures	2020	2021	2022	2023
(1) Eligible elderly residents according to National Insurance list	266	302	332	359
(2) Elderly residents who actually received a discount (municipality data)	123	122	134	150
(3) Measured take-up rate (3) = (2) / (1)	46%	40%	40%	42%
(4) Elderly couples where one received a discount	73	80	87	78
(5) Elderly residents who received another type of discount	33	78	84	112
(6) Adjusted take-up rate considering optimization and "on-paper" eligibility [(2) + (4) + (5)] / (1) = (6)	86%	93%	92%	95%
(7) Elderly residents with no property registered in their name*	37	22	27	19

* Elderly residents with no property registered in their name in the municipality, including residents living with relatives, deceased residents, those who did not submit a lease contract to the collection department, or have property in another municipality.

Source: National Insurance eligibility list provided to the municipality, and household-level data from the municipal database; author's analysis.

Table 7
Take-Up Rate Measurement Based on Household-Level Data in a Large Municipality

Take-Up Measures	2021	2022	2023
(1) Eligible elderly residents according to National Insurance list	36,554	37,084	38,046
(2) Elderly residents who actually received a discount (municipality data)	10,877	11,951	11,899
(3) Measured take-up rate (3) = (2) / (1)	30%	32%	31%
(4) Elderly couples where one received a discount	7,600	6,772	7,593
(5) Elderly residents who received another type of discount	7,763	8,285	9,057
(6) Adjusted take-up rate considering optimization and "on-paper" eligibility [(2) + (4) + (5)] / (1) = (6)	70%	73%	75%
(7) Elderly residents with no property registered in their name*	10,314	10,076	9,497

* Elderly residents with no property registered in their name in the municipality, including residents living with relatives, deceased residents, those who did not submit a lease contract to the collection department, or have property in another municipality.

Source: National Insurance eligibility list provided to the municipality, and household-level data from the municipal database; author's analysis.

Table 8
Findings from Individual Review of Temporary Non-Take-Up in a Small Municipality

	2020	2021	2022	2020–2022
(1) Number of new eligible recipients	36	37	59	132
(2) Number of eligible recipients who claimed the benefit	25	31	43	99
(3) Number of eligible recipients who did not claim the benefit	11	6	16	33
(3.1) Of which: Elderly residents	8	5	11	24
(3.2) Disabled (75%+ disability)	1		4	5
(3.3) Parents of a disabled child	2	1	1	4
(4) Temporary non-take-up rate (4) = (3) / (1)	31%	16%	27%	25%

Source: National Insurance eligibility list provided to the municipality, and household-level data from the municipal database; author's analysis.

Table 9
Average Discount by Eligibility Criterion and Housing Unit Size Decile, 2020 — Based on Household-Level Data in a Small Local Authority, for All Eligibility Criteria

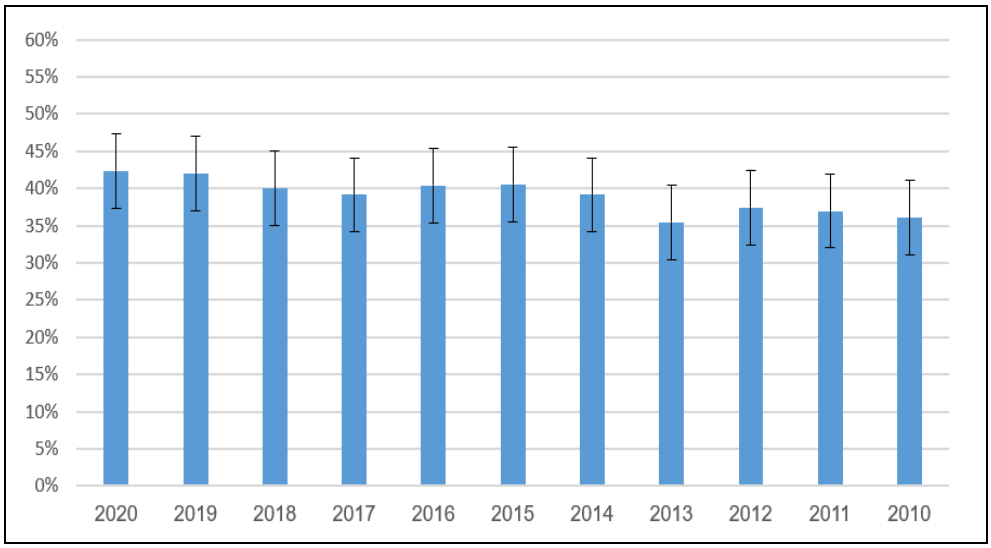
Decile	Avg. Apt. Size (sqm)	Senior Citizen 25% (up to 100 sqm)	Senior + Income Supplement 100% (up to 100 sqm)	General Disability 80% (up to 100 sqm)	Disabled Child 33% (up to 100 sqm)	IDF Disabled / Bereaved Families (up to 90 sqm)	Nazi Persecution Victims (up to 90 sqm)
1	44	5	0	0	13	0	0
2	60	0	150	106	25	32	24
3	78	23	94	100	11	0	0
4	91	49	176	93	74	47	24
5	112	81	41	98	40	24	0
6	132	203	41	98	54	121	24
7	155	173	0	98	81	24	48
8	188	183	0	65	54	48	24
9	212	163	0	98	67	121	24
10	276	274	0	33	67	193	48
Gini Index		0.443	0.652	0.204	0.279	0.517	0.411
Concentration Index		0.421	-0.409	0.009	0.213	0.431	0.3

Table 9 (continued):
Average Discount by Eligibility Criterion and Housing Unit Size Decile, 2020 — Based on Household-Level Data in a Small Local Authority, for All Eligibility Criteria

Decile	Avg. Apt. Size (sqm)	Single Parent (entire property)	Income-Tested (entire property)	Nursing Allowance 70% (entire property)	Other Residential Discounts	Total Property Tax Discounts	Actual Property Tax Paid (NIS)	Discount % of Property Tax
1	44	0	268	0	211	497	1,604 Nis	24%
2	60	4	251	0	244	783	2,028 Nis	29%
3	78	6	522	46	294	1096	2,631 Nis	29%
4	91	8	598	51	116	1236	3,104 Nis	28%
5	112	19	556	33	118	1010	4,330 Nis	19%
6	132	0	365	113	98	7111	5,195 Nis	18%
7	155	37	159	45	177	284	6,539 Nis	11%
8	188	0	213	103	327	1017	7,926 Nis	11%
9	212	0	257	63	196	998	9,132 Nis	10%
10	276	0	151	302	222	1290	11,799 Nis	10%
Gini Index		0.718	0.261	0.519	0.204	0.117	0.33	
Concentration Index		0.02	-0.122	0.464	0.004	0.068	0.33	

Source: (1) List of National Insurance benefit recipients provided to the local authority and household-level data from the local authority's database, as processed by the author. (2) The concentration index of the property tax discount is calculated as the product of the Gini coefficient for a specific discount and the Gini correlation for that discount. The Gini correlation expresses the relationship between the household's relative position in terms of apartment size and its relative position in terms of the property tax discount amount. The concentration index ranges from minus one, indicating a fully progressive distribution of the discount, to plus one, indicating a fully regressive distribution of the discount

Figure 1
Take-Up Rate of Residential Property Tax Discounts

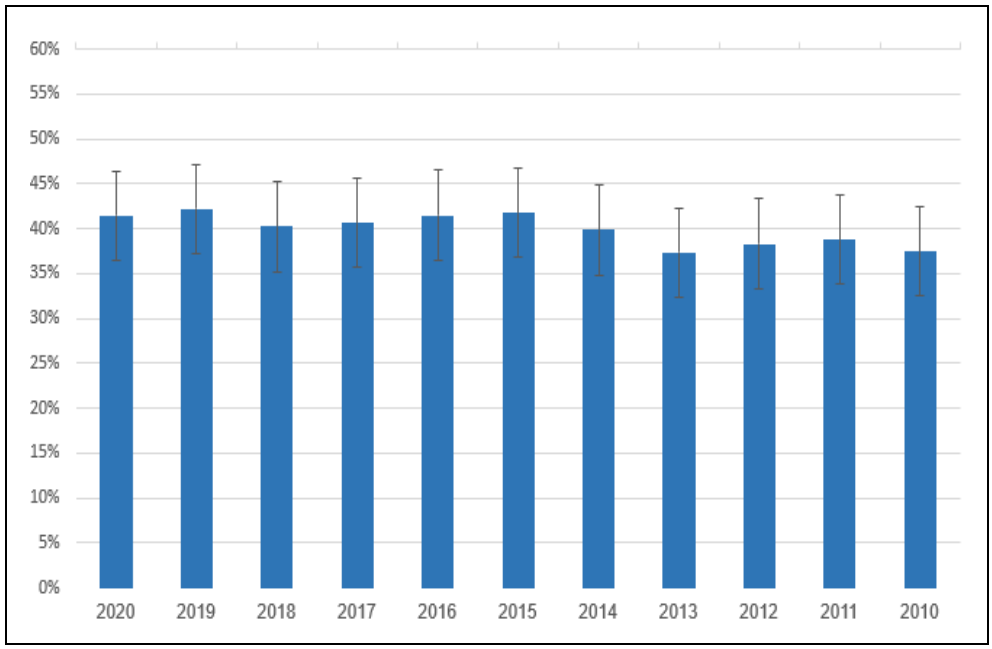


Source: Author's calculations based on data from the Ministry of the Interior and the National Insurance Institute.

Note: The figure presents the average take-up rate across five eligibility criteria for residential property tax discounts (long-term care benefit, disabled child benefit, general disability pension, old-age pension, and old-age pension with income supplement), measured between 2010 and 2020 in 252 local authorities (not all of which were included in each year; the number of observations ranges from 212 to 243 authorities across the years). The take-up rate is calculated as the ratio between the number of actual recipients of discounts (Ministry of the Interior data) and the number of potential beneficiaries eligible for the associated discounts based on five National Insurance pensions (National Insurance Institute data).The bars represent the average annual take-up rates, and the whiskers indicate the 5% confidence interval for each year. In addition, local authorities were excluded from the sample if the number of potential beneficiaries was lower than the number of actual recipients. The following authorities were excluded over the years:

2011 – Ganei Tikva, Kiryat Motzkin, Tamra, and Rosh HaAyin;
2012 – Ganei Tikva;
2014 – Segev Shalom;
2015 – Mevo'ot HaHermon;
2016 – Yehud and Majdal Shams;
2017 – Yehud and Kafr Yasif;
2018 – Or Akiva and Hod HaSharon;
2019 – Bosmat Tivon, Jdeideh-Makr, and Eilabun;
2020 – Givat Shmuel, Holon, Harish, Emek HaMa'ayanot, Kadima Zoran, and Kiryat Tivon.

Figure 1.1
Take-Up Rate of Residential Property Tax Discounts



Source: Author's calculations based on data from the Ministry of the Interior and the National Insurance Institute.

Note: The figure presents the average take-up rate across five eligibility criteria for residential property tax discounts (long-term care benefit, disabled child benefit, general disability pension, old-age pension, and old-age pension with income supplement), measured between 2010 and 2020 across 147 local authorities (all of which were included throughout the entire period). The take-up rate is calculated as the ratio between the number of actual recipients of the discount (Ministry of the Interior data) and the number of potential beneficiaries eligible for discounts linked to the five National Insurance benefits (National Insurance Institute data). The bars represent the average annual take-up rates, and the whiskers indicate the 5% confidence interval for each year separately.

APPENDICES

APPENDIX 1A: OPEN INTERVIEW FORM ON THE TOPIC OF TEMPORARY NON-TAKE-UP

Study Introduction:
Questions Regarding Temporary Non-Take-Up
Name of Local Authority: _____

Name and Title of Respondent: _____

1. What is the frequency of updates to the list of National Insurance beneficiaries entitled to property tax discounts in the local authority's information system?
2. If the answer is "once a year," why don't the revenue managers increase the frequency of updates?
3. Is there an intention in the near future to increase the frequency of these updates?
4. If a resident becomes eligible during the year but does not submit a request for a property tax discount, do they retroactively receive the full discount once the National Insurance beneficiary list is updated in the local authority's system?
5. How many new eligible individuals submit a request for a property tax discount during the year (between two update periods of the National Insurance beneficiary list)?

APPENDIX 1B: RESPONSES TO THE TEMPORARY NON-TAKE-UP QUESTIONNAIRE

Local Authority	Frequency of Updating National Insurance Eligibility List	Reason for Annual Updates	Future Intent to Increase Update Frequency	Retroactive Discount for Mid-Year Eligibility Without Resident Request	New Eligible Applicants per Year
Omer	Once a year	No reason to update more often since the report is not used (see note)	No	No	87 (difference between 2022 and 2023 proactive applications)
Kfar Shmaryahu	Once a year	Unknown, seems no resident demand; small and affluent locality	No	Yes, if initiated by resident. Otherwise, discount applies moving forward	Three residents
Tel Aviv	Monthly	Not relevant	No longer applicable	Not relevant	Not relevant
Dimona	Twice a year (Nov and June)	Costly (~4,000 NIS), no perceived need	No	Yes, automatic retroactive granting without resident request	Dozens
Jerusalem	Currently once a year, working toward monthly	System bugs in new platform hindered monthly updates	Yes	Yes, manually verified and updated	Estimated thousands
Gush Etzion	Once a year	Claimed National Insurance doesn't provide frequent updates (not true), reissuing	No	Yes, if initiated by resident	Dozens

		bills complicates the process			
Yesod HaMa'ala	Once a year	No perceived need; residents respond to letters from National Insurance	No	Yes, if initiated by resident	Few
Metula	Once a year	Transitioning to new quarterly software	Yes	Yes, even without resident request	Few
Elad	Once a year	15% errors in each report require manual correction and staffing	No	Yes, if initiated by resident. Otherwise, discount applies moving forward	Dozens
Givat Shmuel	Quarterly	Not relevant	If Metropoline increases frequency	Yes, if initiated by resident. Otherwise, discount applies moving forward	Hundreds
Mateh Binyamin	Currently quarterly, goal is monthly	Not relevant	Yes	Yes, if initiated by resident. Otherwise, discount applies moving forward	Hundreds, expected to decline
Reineh	Quarterly	Not relevant	No	Yes, if initiated by resident. Otherwise, discount applies	Dozens

				moving forward	
Alfei Menashe	Twice a year	Desire to increase to quarterly, but workload prevents it	Yes	Yes, if initiated by resident. Otherwise, discount applies moving forward	Dozens
Zichron Ya'akov	Once a year	No perceived need; expect residents to initiate contact	No	Yes, if initiated by resident. Otherwise, discount applies moving forward	Dozens
Hatzor HaGlilit	Quarterly	Due to Metropoline's quarterly updates	Not currently	Yes, if initiated by resident. Otherwise, discount applies moving forward	Dozens