

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. Patron Byrne

3. Committee House Finance

4. Title Real Estate Tax: Exemption for Qualified
Elderly or Handicapped Individuals
Living in Certain Localities

2. Bill Number SB 939

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would authorize certain localities to increase from \$52,000 to \$80,000 the maximum income limitation for purposes of obtaining an exemption or deferral of real property taxes for qualified elderly or permanently disabled persons. The same localities would also be authorized to increase the maximum combined financial worth limitation from \$195,000 to \$300,000.

The increases in income and net worth limitations would apply only to individuals with property in (i) the counties of Arlington, Fairfax, Loudoun, and Prince William; (ii) the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and (iii) the towns of Herndon, Leesburg, Lovettsville, Vienna, and Dumfries.

Current law permits localities to adopt an ordinance providing for exemptions or deferrals of real estate taxes for the elderly and handicapped who meet certain income and net worth limitations.

The effective date of this bill is not specified.

6. Fiscal Impact Estimates are: Not Available.

7. Budget amendment necessary: No.

8. Fiscal implications:

This bill would have no impact on state revenues. It potentially would have some impact on local revenues, as more taxpayers may become eligible for an exemption or deferral of real property taxes.

9. Specific agency or political subdivisions affected:

The counties of Arlington, Fairfax, Loudoun, and Prince William; the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and the towns of Herndon, Leesburg, Lovettsville, Vienna, and Dumfries.

10. Technical amendment necessary: No.

11. Other comments:

The exemption/deferral programs for the elderly and handicapped provide tax relief for persons sixty-five years of age and older and for those who are permanently and totally disabled. At local option, localities may elect to adopt an exemption program, a deferral program, a combination of both, or neither.

Income and net financial worth tests were incorporated in the exemption/deferral program to direct tax relief to those whose income and financial worth are sufficiently low to merit such relief. This bill would raise the maximum income and combined financial worth limitations by as much as 53.8 percent increase in some localities. The income limit was last raised in 1998, for certain localities from \$40,000 to \$52,000.

The increases under this bill would not affect statewide income and net worth limitations, but would be confined to individuals with property in the counties of Arlington, Fairfax, Loudoun, and Prince William; the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and the towns of Herndon, Leesburg, Lovettsville, Vienna, and Dumfries.

House Bill 1987 would raise the net income limitation for individuals with property in any county, city or town having a 1980 population of greater than 500,000; any county city or town adjacent thereto; the cities of Manassas, Manassas Park, Chesapeake, Portsmouth, Suffolk, and Virginia Beach; the counties of Chesterfield, Fauquier, Henrico and Stafford; and the towns of Leesburg and Lovettsville to \$60,000 but would maintain the net worth cap at \$195,000.

cc: Secretary of Finance

Date: 2/6/01/slr

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