

**DEPARTMENT OF TAXATION  
2005 Fiscal Impact Statement**

1. **Patron** Ken T. Cuccinelli, II

2. **Bill Number** SB 851

3. **Committee** House Finance

**House of Origin:**

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Real Property Tax: Exemptions  
For Elderly or Disabled Persons

**Second House:**

☒ In Committee

☐ Substitute

☐ Enrolled

**5. Summary/Purpose:**

This bill would modify the income limitations for determining whether persons who are sixty-five and older, or those who are permanently and totally disabled, qualify for the exemption or deferral of local property taxes. For taxpayers who are permanently disabled, this bill increases the amount of income that may be excluded in determining the total combined income limitation from \$10,000 to \$15,000.

The effective date of this legislation is not specified.

**6. No Fiscal Impact**

7. **Budget amendment necessary:** No.

**8. Fiscal implications:**

This bill will have no effect on state revenues. It has a potential negative impact on those localities that have enacted an exemption or deferral program for elderly and disabled persons based on the income limitations set forth in the statute, and who elect to increase the amount of income excluded for permanently disabled persons, thus enabling more people to qualify for the program. For this reason, the fiscal impact would vary among localities.

**9. Specific agency or political subdivisions affected:**

All localities

10. **Technical amendment necessary:** No.

**11. Other comments:**

The exemption and deferral programs for the elderly or handicapped provide tax relief for persons sixty-five years of age or 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 none of the above. Income and net financial worth tests were incorporated in the exemption and deferral programs to ensure that tax relief is directed at those whose income and net worth is sufficiently low to merit such relief.

For taxpayers who are permanently disabled, this bill would allow a locality to increase the amount of the taxpayer's income that may be excluded in determining eligibility from \$10,000 to \$15,000.

#### Similar Legislation

**Senate Bill 844** would allow a locality to exclude up to \$5,000 of permanent or temporary disability payments when determining whether the taxpayer has met the gross income limitation for eligibility for an exemption or deferral of local real property taxes.

**Senate Bill 1042** would allow a locality to set maximum income and net worth requirements for real property tax exemptions or deferrals, on a sliding scale, based on the length of time the owner has lived in the property and paid property taxes.

**Senate Bill 1051** would make several changes related to eligibility criteria for localities offering deferrals or reductions in sewage or garbage disposal fees and real property tax exemptions or deferrals to elderly or disabled persons. First, this bill would change the age requirement for property tax relief from age 65 to the Social Security retirement age. It would also give localities the option to use the median adjusted gross income for married persons in that locality as the household income limitation, and would allow localities to increase the maximum net worth limitation each year to account for inflation.

cc : Secretary of Finance

Date: 2/8/2005 SM  
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