

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** Robert G. Marshall

3. **Committee** House Finance

4. **Title** Real Property Tax Exemption;  
Elderly and Disabled

2. **Bill Number** HB 121

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

### 5. **Summary/Purpose:**

This bill would increase from \$340,000 to \$400,000 the maximum financial worth cap certain counties, cities, and towns in Northern Virginia may use in determining eligibility for real estate tax exemptions or deferrals to the elderly or disabled.

The effective date of this bill is not specified.

### 6. **No Fiscal Impact**

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

### 8. **Fiscal implications:**

This bill is not expected to have any impact on state revenues. It has a potential negative revenue impact on the applicable localities, if those localities use the authority granted by this bill to increase their maximum financial worth cap, as more taxpayers may qualify for the exemption/deferral programs. TAX will incur no administrative costs in implementing this bill.

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

Counties of: Fairfax, Arlington, Loudon, and Prince William

Cities of: Fairfax, Falls Church, Manassas, Manassas Park, and Alexandria

Towns of: Dumfries, Herndon, Leesburg, Purcellville, and Vienna

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

## 11. Other comments:

### Generally

The exemption/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. The governing body of any locality may elect to adopt an exemption program, a deferral program, a combination of both, or none of the above. Income and net financial worth restrictions were incorporated in the exemption/deferral programs to direct tax relief to those whose incomes and financial worth were sufficiently low to merit such relief.

The standard restriction imposed upon the elderly or disabled to be eligible for the exemption or deferral is a net financial combined worth amount of \$200,000. Certain localities, however, are permitted to extend that cap to \$340,000. Eligible localities include 1) any county that the United States Census Bureau has determined to have a population greater than 800,000 persons, 2) any county or city adjacent thereto, 3) any city contiguous to such adjacent counties and cities, and 4) any incorporated town located in the counties that possess a population greater than 800,000 or are contiguous to such a county. The eligible localities include the counties of Fairfax, Arlington, Loudon, and Prince William; the cities of Fairfax, Falls Church, Manassas, Manassas Park and Alexandria; and the towns of Dumfries, Herndon, Leesburg, Purcellville, and Vienna.

This bill would permit those localities set forth above to increase the maximum net financial worth for eligibility for the elderly or disabled real estate tax exemption from the current cap of \$340,000 to \$540,000.

### Similar Legislation

**House Bill 202** is identical to this bill.

**House Bill 1444** would allow the City of Norfolk to use the same net worth, income, and acreage caps as the localities in Northern Virginia.

The following bills also increase the maximum financial net worth cap for the affected localities:

**House Bill 277 and House Bill 1097** would increase from \$340,000 to \$540,000 the maximum financial worth cap a locality in Northern Virginia may use in providing real estate tax exemptions to the elderly or disabled.

**House Bill 540** would increase to \$350,000 the maximum financial worth cap localities may use in providing real estate tax exemptions to the elderly or disabled. It would also increase the maximum acreage amount to 20 acres and the maximum income amount to \$75,000, and make these limitations uniform state-wide.

**House Bill 560** would increase from \$340,000 to \$500,000 the maximum financial worth cap a locality in Northern Virginia may use in providing real estate tax exemptions to the elderly or disabled.

cc : Secretary of Finance

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