

# DEPARTMENT OF TAXATION

## 2006 Fiscal Impact Statement

1. **Patron** Paula J. Miller

2. **Bill Number** HB 1444

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

      **Substitute**

      **Engrossed**

4. **Title** Real Estate Tax;  
Increases Amount of Exemptions for Elderly  
or Disabled in Norfolk

**Second House:**

      **In Committee**

      **Substitute**

      **Enrolled**

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

This bill would increase the maximum financial worth and income caps the City of Norfolk may use in determining eligibility for real estate tax exemptions or deferrals to the elderly or disabled, and allow the City of Norfolk to use the same net worth, income, and acreage caps as the localities in Northern Virginia.

The effective date of this bill is not specified.

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

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

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

TAX will incur no administrative costs in implementing this bill

This bill is not expected to have any impact on state revenues. It has a potential negative revenue impact on the City of Norfolk, if that locality uses the authority granted by this bill to increase its maximum financial worth cap, as more taxpayers may qualify for the exemption/deferral programs.

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

City of Norfolk

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 in order to be eligible for the exemption or deferral is a maximum net income of \$50,000 and a maximum net financial combined worth amount of \$200,000. In addition, a 10-acre ownership cap is placed upon individuals in order to be eligible for the exemption or deferral program. Certain localities are permitted to extend the income limitation to a maximum of the greater of \$72,000 or the income limits based upon family size for the respective metropolitan statistical area, annually published by the Department of Housing and Urban Development for qualifying for federal housing assistance pursuant to § 235 of the National Housing Act (12 U.S.C. §175 1z). These localities are also permitted to extend the net financial combined worth amount 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.

Rather than expressly delineating the localities that are eligible to increase their income and net combined financial worth limitations, as set forth above, current legislation lists the requirements a locality must meet in order to be authorized to increase their limitations. This bill would retain the list of eligibility requirements set forth above and would expressly add the City of Norfolk to the list of localities that are eligible to increase the limitations.

### Similar legislation

The following bills propose increases in the maximum financial net worth or income caps for the applicable localities:

**House Bill 121 and House Bill 202** would increase from \$340,000 to \$400,000 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 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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