

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Robert G. Marshall

2. **Bill Number** HB 1744

3. **Committee** Senate Finance

House of Origin:

 Introduced

 Substitute

 Engrossed

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

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would increase from \$72,000 to \$75,000 the maximum income limit a locality in Northern Virginia may impose in providing real estate tax exemptions or deferrals to the elderly or disabled.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8)

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

8. **Fiscal implications:**

This bill would have no impact on TAX's administrative costs or on state revenues. Localities that use the authority granted by this bill to increase their maximum income limit may lose revenue as more taxpayers may qualify for the exemption/deferral programs.

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

Counties of: Fairfax, Arlington, Loudon, Clarke, Fauquier, Stafford and Prince William

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

Towns of: Any incorporated town in the above localities.

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

11. **Other comments:**

Current Law

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 restrictions were

incorporated in the exemption/deferral programs to direct tax relief to those whose incomes were sufficiently low to merit such relief.

The state-wide limitations imposed upon the elderly or disabled to be eligible for the exemption or deferral are a maximum net financial combined worth amount of \$200,000 and a maximum income of \$50,000. Currently, certain localities in Northern Virginia are permitted to extend either the net financial worth cap or the income limitations. 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 Proposal

This bill would increase the income cap for certain localities in Northern Virginia from its current cap of \$72,000 to \$75,000. The localities that can currently increase their net financial worth caps to a maximum of \$72,000 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.

Similar Legislation

Senate Bill 788 would increase from \$52,000 to \$62,000 the income limit in certain cities and counties for eligibility for deferral and exemption programs provided to the elderly and disabled.

Senate Bill 1265 would allow localities to extend real estate tax relief to dwellings in which not all individuals are 65 or permanently disabled.

cc : Secretary of Finance

Date: 2/5/2007 JOC
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