

# DEPARTMENT OF TAXATION

## 2007 Fiscal Impact Statement

1. **Patron** Thomas D. Gear

3. **Committee** House Finance

4. **Title** Real Property Tax Exemptions for Elderly  
and Disabled; Indexing Income Limits

2. **Bill Number** HB 2641

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would index the income limitations with respect to real property tax exemptions and deferrals for the elderly and disabled. Under the provisions of this bill, the income limitation amounts would be indexed annually based on the percentage change in the Consumer Price Index for All Urban Consumers.

The effective date of this bill is not specified.

**6. Fiscal Impact Estimates are:** Unknown (See line 8).

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

**8. Fiscal implications:**

This bill would have no impact on state revenues. To the extent that additional taxpayers became eligible for the local real property tax relief programs for the elderly and disabled, this bill would have a negative impact on localities.

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

All localities

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

**11. Other comments:**

Generally

The exemption and deferral programs for the elderly or handicapped provide tax relief from the real property tax imposed by localities. Localities are granted the authority to relieve persons sixty-five years of age or older and persons who are permanently and totally disabled from real property tax liability, provided that such relief is granted through a local ordinance. 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.

### Proposal

This bill would index the income limitations with respect to real property tax exemptions and deferrals for the elderly and disabled. Under the provisions of this bill, the income limitation amounts would be indexed annually based on the percentage change in the Consumer Price Index for All Urban Consumers. The consumer price index experienced growth in the amount of 1.78% in FY 2002, 2.21% in FY 2003, 2.18% in FY 2004, 3.01% in FY 2005 and 3.80% in FY 2006.

### Similar Legislation

**House Bill 2283** would create a formula for determining net financial worth with regard to deferring or exempting real estate tax for elderly and disabled individuals in certain localities. The net combined financial worth would be determined as the portion of net combined financial worth equal to the percentage of total combined income derived from pension or social security income.

**House Bill 2909** would allow localities to grant higher percentages of tax relief to the elderly based on increasing age, especially for those who are 75 years of age and older.

**House Bill 1744** would increase the income limit for elderly and disabled taxpayers in certain Northern Virginia localities from \$72,000 to \$75,000 for real property tax exemptions.

**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.

cc : Secretary of Finance

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