

**DEPARTMENT OF TAXATION  
2008 Fiscal Impact Statement**

1. **Patron** Lynwood W. Lewis, Jr.

3. **Committee** House Finance

4. **Title** Real Property Tax; Exemption and Deferral  
for the Elderly and Permanently and Totally  
Disabled.

2. **Bill Number** HB 1479

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would require local Real Property Tax exemption and deferral programs for the elderly and handicapped to include the income of nonrelatives living in the applicant's dwelling, except for bona fide tenants, when computing the maximum income limits to be eligible for the tax relief.

Currently, only the income of relatives living in the dwelling is included in determining eligibility. If a person can prove that their physical or mental health has deteriorated to the point that the only alternative to moving into a care center is to have a relative move in, then the income of the relative will not be counted towards the income limitation.

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 will have no impact on state revenues. To the extent that this bill may preclude applicants from qualifying for the relief, there may be a positive impact on local revenues. The revenue impact on each locality would be dependent upon the assessed value of property subject to the exemption or deferral.

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

All 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 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.

In order to qualify for a real estate tax exemption or deferral, an elderly or disabled individual's total combined gross income from all sources, including the income of relatives living in the dwelling may not exceed \$50,000 during the previous year. The net combined financial worth of the applicant and spouse may not exceed \$200,000, but localities may annually increase net worth limitations by a percentage equal to the Consumer Price Index to account for inflation.

Several localities are authorized to use higher total income and combined net worth limits.

The following cities and counties are authorized to increase their income limits to \$62,000 and their net worth limits to \$350,000:

- Cities of Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach
- Counties of Chesterfield, Goochland, and Henrico

In 2007, the General Assembly increased the income limitation for these localities from \$52,000 to \$62,000.

The following cities and counties are authorized to increase their income limits to \$75,000 and their net worth limits to \$540,000:

- Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park
- Counties of Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, and Stafford

In 2007, the General Assembly increased the income limitation for these localities from \$72,000 to \$75,000.

If a person can prove that their physical or mental health has deteriorated to the point that the only alternative to moving into a care center is to have a relative move in, then the income of the relative will not be counted towards the income limitation, provided the owner has not transferred more than \$10,000 to the relative in the previous three years.

## Proposal

This bill would require exemption and deferral programs for the elderly and handicapped to include the income of nonrelatives living in the applicant's dwelling, except for bona fide tenants, when computing the maximum income limits to be eligible for the tax relief.

## Similar Legislation

**House Bill 163** would authorize localities to allow by ordinance a real property tax exemption or deferral to an elderly or handicapped based on the applicant's current year's income and financial worth.

**House Bill 183** would place the legal presence requirement on applicants for the property tax exemption/deferral program for the elderly or handicapped.

**House Bill 270** would raise the maximum income eligibility restrictions from \$62,000 to 65,000 in the Cities of Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach and the Counties of Chesterfield, Goochland, and Henrico.

**House Bill 465** would provide an alternate formula for determining net combined financial worth that allows individuals who depend on investment income rather than pension income to qualify for real estate tax relief.

**House Bill 698** and **Senate Bill 283** (identical) would add the City of Newport News to the list of cities and counties authorized to use an income limitation of \$62,000 and a net worth limitation of \$350,000 to qualify for real estate tax relief.

**House Bill 1274** and **Senate Bill 203** (identical) would raise the maximum income eligibility restrictions from \$62,000 to 67,000 in the Cities of Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach and the Counties of Chesterfield, Goochland, and Henrico.

**House Bill 1275** would authorize localities to allow by ordinance a higher percentage of real property tax exemption or deferral to the elderly or handicapped on the basis of increasing age, especially for taxpayers who are 75 years of age or older.

**House Bill 1428** would add Powhatan County to the list of cities and counties authorized to use an income limitation of \$62,000 and a net worth limitation of \$350,000 to qualify for real estate tax relief.

**Senate Bill 425** would authorize counties, cities, and towns to require that persons seeking real estate tax exemptions and deferrals under current law demonstrate that they have the legal right to be present in the United States in order to be eligible.

cc : Secretary of Finance

Date: 1/22/2008 jkl  
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