

**DEPARTMENT OF TAXATION
2008 Fiscal Impact Statement**

1. Patron Frederick M. Quayle

2. Bill Number SB 203

3. Committee House Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

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

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. Summary/Purpose:

This bill would increase from \$62,000 to \$67,000 the maximum income limit the Cities of Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach and the Counties of Chesterfield, Goochland, and Henrico 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 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:

Cities of: Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach

Counties of: Chesterfield, Goochland, and Henrico

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.

Proposal

This bill would increase the income cap for the Cities of Charlottesville, Chesapeake, Norfolk, Portsmouth, Richmond, Suffolk, and Virginia Beach and the Counties of Chesterfield, Goochland, and Henrico from \$62,000 to \$67,000.

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 698 would add the Cities of Hampton and Newport News and the Counties of Powhatan and Hanover 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 1479 would allow 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 or bona fide caregivers, when computing the maximum income limits to be eligible for the tax relief.

House Bill 1503 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.

Senate Bill 283 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 and increase the income limitation to \$67,000.

cc : Secretary of Finance

Date: 2/11/2008 jkl
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