

# TAX RELIEF FOR THE ELDERLY AND DISABLED PROGRAM

Tuesday January 28, 2025

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Karen I. Rose, Commissioner of the Revenue





# Tax Relief for the Elderly and Disabled Program

- This program is a local option pursuant to guidelines in the Code of Virginia.
- Since 1973, the City of Harrisonburg has had a real estate tax relief for the Elderly and Disabled program.
- In 2007, the city added a personal property exemption for one vehicle owned and used primarily by or for anyone 65 or older or permanently and totally disabled. Not all localities have personal property relief.
- Applicants must be 65 years or older on December 31 of the year immediately preceding the taxable year or permanently and totally disabled as defined in Section 58.1-3217 of the Code of Virginia.
- Applicants must also not have income or net worth that exceeds the limits per the City of Harrisonburg code.



# Statistics For Real Estate

	# of Approved Applicants	Total Tax Relief Amount
FY 20	103	\$73,601
FY 21	89	\$84,566
FY 22	84	\$85,567
FY 23	89	\$99,026
FY 24	92	\$181,374
FY 25	102	\$216,712



# Statistics for Personal Property

	# of Approved Applicants	Total Tax Relief Amount
FY20	158	\$16,382
FY21	156	\$17,498
FY22	140	\$15,977
FY23	138	\$21,326
FY24	144	\$27,899
FY25	147	\$32,929



# CONSIDERATIONS

- The last change made to the program was in February 2023. Changes were made to the income level, net worth level, percentages of real estate tax relief and no cap on the real estate relief.
- In 2023 the income level was increased from \$35,000 to \$50,000 and the net worth was increased from \$75,000 to \$100,000 and the maximum amount of real estate tax relief was removed.
- The Social Security Administration had a 8.7%, 3.2% and 2.5% cost of living adjustment in January 2023, 2024, and 2025 respectively.
- Real Estate residential assessments in the City have increased on average 4.0%, 10.0 % and 9.5 % in FY23, FY24 and FY25 respectively as well as the tax rate has increased from \$.93 per \$100 to \$.96 per \$100 to \$1.01 per \$100 in each of those FY's.



# CONSIDERATIONS con't

- Since COVID values of cars have not depreciated as rapidly as they did prior to COVID. Manufacturers are not producing as many cars and car dealers are not carrying large inventories on their lots. The supply and demand have kept vehicle prices higher.
- Food, prescriptions, health care and utilities are all expenses that rising cost have created struggles for those 65 and older and/or permanently disabled.



# Proposed Amendments

	CURRENT	PROPOSED
<b>INCOME</b>	<b>\$50,000</b>	<b>\$55,000</b>
<b>NET WORTH</b>	<b>\$100,000</b>	<b>\$100,000</b>



# Proposed New Real Estate Exemption Percentage

Current Combined Gross Income Exemption	Current Percent	Proposed Combined Gross Income Exemption	Proposed Percent
Up to \$30,000	100%	Up to \$35,000	100%
\$30,001 to \$35,000	80%	\$35,001 to \$40,000	80%
\$35,001 to \$40,000	60%	\$40,001 to \$45,000	60%
\$40,001 to \$45,000	40%	\$45,001 to \$50,000	40%
\$45,001 to \$50,000	20%	\$50,001 to \$55,000	20%





# Assumptions

- **To estimate the impact the proposed increased income levels has on our current real estate tax relief participants, we assumed that all current participants stay in the program (no deaths or sale of home). We also assumed that the current participants only received an increase in 2024 income from the 3.2 % increase in social security.**
- **The chart on the next slide shows the financial impact of these above assumptions and using their 2025 real estate assessment and the current tax rate of \$1.01 per \$100**



# IMPACT OF PROPOSED CHANGE

Current Gross Income	Current Percent	Number in Real Estate Program	Total Real Estate Relief	Proposed Gross Income	Proposed Percent	Number in Real Estate Program	Total Real Estate Relief
Up to \$30,000	100%	79	\$189,884	Up to \$35,000	100%	86	\$217,433
\$30,001 to \$35,000	80%	8	\$16,370	\$35,001 to \$40,000	80%	7	\$17,003
\$35,001 to \$40,000	60%	8	\$13,197	\$40,001 to \$45,000	60%	5	\$7,900
\$40,001 to \$45,000	40%	6	\$7,032	\$45,001 to \$50,000	40%	4	\$4,746
\$45,001 to \$50,000	20%	1	473	\$50,001 to \$55,000	20%	0	\$0
<b>TOTAL</b>		<b>102</b>	<b>\$226,955</b>			<b>102</b>	<b>\$247,082</b>



- From the chart above, under the new gross income levels more of the current participants will receive 100% relief and the overall financial impact is \$20,127
- It is hard to determine an actual financial impact of the additional tax relief that will be granted for new participants by raising the income level because we do not know who in the city meets the qualifications. If both programs doubled over FY25 it would be only be .7 % of real estate income and .4% of personal property income.
- This program provides a flexible means for a locality to care for its low-income elderly and disabled homeowners and vehicle owners who are most in need.



# How do we advertise

- Information about the Tax Relief program is put on the back of every personal property bill and real estate bill mailed in the City. There is information on the Harrisonburg website, there is a slide that comes up on City span with information, an ad is placed in the Daily News Record each year before filing deadline, and there are posters hanging in citizens view in both Commissioners offices.



# Questions