

TAX RELIEF FOR THE ELDERLY AND DISABLED PROGRAM

Tuesday January 24, 2023

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 this 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



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



CONSIDERATIONS

- The last change made to income level and maximum real estate tax relief limit was in January 2020.
- The Social Security Administration had a 1.3%; 5.9% and 8.7% cost of living adjustment in January 2021, 2022, and 2023 respectively.
- Real Estate residential assessments in the City have increased on average 4.0%, 10.0 % and 14.0 % in FY21, FY22 and FY23 respectively as well as the tax rate has increased from \$.86 per \$100 to \$.90 per \$100 to \$.93 per \$100 in each of those FY's.
- COVID impacted the values of cars because of the low supply and the high demand for both new and used cars that we saw cars appreciate in value in FY22 and FY23 some as high as 46%.
- US Dept of Health and Human Services tracked drug changes from 2016-2022. The found 1,216 products price increased from July 2021 to July 2022 on average 31.6%



- To help in the determination of a new income level we looked at the median income from the last US Census and rounded up to the nearest thousand.
- The net financial worth was not adjusted in 2020 so we looked at other's in our region such as Winchester, Lynchburg, Augusta and Rockingham. Each had \$100,000 of net financial worth except for Rockingham County which currently has \$85,000.



Proposed Amendments

	CURRENT	PROPOSED
INCOME	\$35,000	\$50,000
NET WORTH	\$75,000	\$100,000
MAXIMUM REAL ESTATE RELIEF	\$1500	ELIMINATE MAXIMUM

Proposed New Real Estate Exemption Percentage

Current Combined Gross Income Exemption	Current Percent	Proposed Combined Gross Income Exemption	Proposed Percent
Up to \$20,000	80%	Up to \$30,000	100%
\$20,001 to \$25,000	60%	\$30,001 to \$35,000	80%
\$25,001 to \$30,000	40%	\$35,001 to \$40,000	60%
\$30,001 to \$35,000	20%	\$40,001 to \$45,000	40%
		\$45,001 to \$50,000	20%



- It is hard to determine the additional tax relief that will be granted by raising the income level, net financial worth and eliminating a maximum relief amount but even if the program doubled in size the tax relief would be less than .5% of the real estate budget and .3 % of the personal property budget.
- 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.



Questions