

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 5, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 24 REVIEW OF CITY'S REAL ESTATE TAX RELIEF PROGRAM FOR ELDERLY AND DISABLED PERSONS, COMPARISON WITH PROGRAMS IN OTHER JURISDICTIONS AND COST ANALYSIS OF CHANGES TO PROGRAM INCOME AND ASSET LIMITS

During the March 8, 2005, meeting, City Council requested that staff look at and cost out the cost of increasing current income and asset requirements for the City's Real Estate Tax Relief Program for Elderly and Disabled Persons. Currently, the City's maximum income limit to qualify for some form of tax exemption benefit is \$62,000 and the asset limit is \$240,000. The State has recently revised the statutory maximums of \$72,000 and \$340,000.

A comparison of the City's current Real Estate Tax Relief Program for Elderly and Disabled Persons with those in Arlington County, Fairfax County, Prince William County and Loudoun County follows.

Comparison of Real Estate Tax Relief Programs in Selected Jurisdictions

	Alexandria	Arlington	Fairfax
Tax Relief Benefit	Income	Income	Income
Exemption - Full	\$0 - \$40,000	\$0 - \$40,625	\$0 - \$40,000
Exemption - Partial (%)	\$40,001 - \$50,000 (50%) \$50,001 - \$62,000 (25%)	\$40,626-\$50,000 (50%) \$50,001-\$62,000 (25%)	\$40,001-\$46,000 (50%) \$46,000 -\$52,000 (25%)
Deferral	Up to \$62,000	Up to \$62,000	N/A
Eligible Property	Home & lot up to two acres	Home & lot up to one acre	Home & lot up to one acre
Asset Limit	\$240,000	\$195,000	\$240,000

	Prince William	Loudoun
Tax Relief Benefit	Income	Income
Exemption - Full	\$0 - \$46,000	\$0 - \$72,000
Exemption - Partial (%)	\$46,001 - \$52,900 (75%) \$52,901 - \$59,800 (50%) \$59,801 - \$66,700 (25%)	N/A
Deferral	N/A	N/A
Eligible Property	Home and lot up to twenty-five acres	Home & lot up to ten acres
Asset Limit	\$340,000	\$340,000

It should be noted that only Loudoun County provides a full exemption to applicants with income up to \$72,000. Prince William County provides partial benefits to applicants with income up to \$66,700.

The estimated cost to increase the exemption level to a full 100 percent at \$72,000 in income would be more than \$500,000 per year. The cost to increase asset limits would be \$50,000 per year.

- cc: Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs
- D. A. Neckel, Director, Finance Department
- Debbie Kidd, Division Chief, Revenue Administration