

CITY COUNCIL ACTION MEMO

To: Honorable Mayor and Members of City Council
From: Ann T. Burkholder
Date: 06/21/2013
Re: Real Estate Tax Relief for the Low-Income Elderly and Disabled Homeowners

THE ISSUE: Refer to memo presented at 06/18/2013 Council Work Session. Councilors requested additional options to include raising the qualifying annual income upper limit to \$40,000.

OPTIONS: Options 1-3 are as originally presented. Options 4-5 are additional.
Qualifying annual income limit of \$30,000: Options 1-2
Qualifying annual income limit of \$40,000: Options 3-5

- Option 1, implement the Harrisonburg model (also in 06/18/2013 memo)
 - Net financial worth not to exceed \$75,000
 - Annual income limits

\$0	-	\$15,000	80% tax relief
\$15,001	-	\$20,000	60% tax relief
\$20,001	-	\$25,000	40% tax relief
\$25,001	-	\$30,000	20% tax relief
 - Maximum relief (cap) \$1,000
 - Estimate of qualifying applicants: 175 for an aid total \$120,000

- Option 2
 - Net financial worth not to exceed \$75,000 (also in 06/18/2013 memo)
 - Annual income limits

\$0	-	\$15,000	100% tax relief
\$15,001	-	\$20,000	80% tax relief
\$20,001	-	\$25,000	60% tax relief
\$25,001	-	\$30,000	40% tax relief
 - Maximum relief (cap) \$1,500
 - Estimate of qualifying applicants: 175 for an aid total \$162,000

- Option 3
 - Net financial worth not to exceed \$75,000 (also in 06/18/2013 memo)
 - Annual income limits

\$0	-	\$30,000	100% tax relief
\$30,001	-	\$35,000	75% tax relief
\$35,001	-	\$40,000	50% tax relief
 - Maximum relief (cap) \$1,500
 - Estimate of qualifying applicants: 272 for an aid total of \$293,000

- Option 4
 - Net financial worth not to exceed \$75,000
 - Annual income limits

\$0	-	\$20,000	100% tax relief
\$20,001	-	\$25,000	80% tax relief
\$25,001	-	\$30,000	60% tax relief
\$30,001	-	\$35,000	40% tax relief
\$35,001	-	\$40,000	20% tax relief
 - Maximum relief (cap) \$1,500
 - Estimate of qualifying applicants: 272 for an aid total of \$219,000

- Option 5
 - Net financial worth not to exceed \$75,000
 - Annual income limits

\$0	-	\$25,000	100% tax relief
\$25,001	-	\$30,000	75% tax relief
\$30,001	-	\$35,000	50% tax relief
\$35,001	-	\$40,000	25% tax relief
 - Maximum relief (cap) \$1,500
 - Estimate of qualifying applicants: 272 for an aid total of \$258,000

RECOMMENDATIONS: The Commissioner of the Revenue recommends Council adopt the code changes as presented at the 06/18/2013 Work Session. The City management team recommends adoption of the code changes along with changes to the qualifying levels similar to the options presented. Both the Commissioner of the Revenue and City management team agree that adoption of modified qualifying levels, such as the ones presented, will offer assistance to our neediest elderly and disabled homeowners while remaining sensitive to the corresponding fiscal burden on fellow taxpayers.