Attachment #1

Town of Vienna
Tax Relief for Seniors and People with Disabilities

Council Conference Session

January 10, 2022

Agenda

- Review current Real Estate Tax Relief program
- Present program changes adopted by Fairfax County
- Staff recommendations and plans for implementation of program changes
- Q & A

Current and Proposed Tax Relief Program Parameters

*Excludes the first $6,500 of each relative of the owners residing in the dwelling.

**Excludes up to one (1) acre of land.

***Only one spouse in a jointly owned property must meet the age or disability requirement.

Percentage of relief	Current Total Combined Income limit*	Current Net Worth limit**
100%	Less than $52,000	$340,000
50%	$52,001 - $62,000	$340,000
25%	$62,001 - $72,000	$340,000

Effective Jan. 1, 2022 Total Combined Income limit*	Effective Jan. 1, 2022 Net Worth limit**
Less than $60,000	$400,000
$60,001 - $80,000	$400,000
$80,001 - $90,000	$400,000

Estimated Revenue Impact for Current Participants: $14,380
Estimated New Participants: 51 incurring $86,300 additional expense

Adopted Changes to Tax Relief Program at the County Level (Fairfax)

Effective January 1, 2022

- Raise income limit to $90,000
- Raise net worth limit to $400,000

Effective January 1, 2023

- Add new 75% tax relief bracket
- Cap total Tax Relief at 125% of mean assessed value of County homes
- Introduce tax deferral with 5% interest

Tax Relief Programs in Surrounding Jurisdictions

Locality	2020 Avg. Assessment	Taxes Relieved	% of Total RE Tax	Max. Income Limits	Max. Net Worth Limits	Deferral
Alexandria	$582,000	$4.6M	0.6%	$72,000	$430,000	Yes
Arlington	$686,000	$4.3M	0.5%	$86,029	$413,000	Yes
Fairfax City	$505,000	$1M	1.3%	$72,000	$340,000	No
Fairfax County	$580,000	$28.7M	1.0%	$72,000	$340,000	No
Falls Church	$680,000	$292,000	0.4%	$62,100	$400,000	Yes
Loudoun	$529,000	$9.8M	0.9%	$82,000*	$920,000*	No
Manassas	$306,000	$1.1M	2.2%	$56,150	$340,000	Yes
Prince William	$372,000	$12M	1.5%	$92,365	$340,000	No

*Loudoun County has a sliding income and asset limit.

Tax Deferral

State law permits a tax deferral option for tax relief program participants or those who exceed program limits.

- ❑ Applicants with a mortgage should discuss deferral with their lender to mitigate the chance of any deferred taxes being paid off by a lump sum being paid to the Town.

Locality	Deferral Participants	Deferred Interest on Taxes
Alexandria	15	5%
Arlington	64	0%
Manassas	13	8%
Falls Church	9	0%

Changes Effective January 1, 2023

- Add 75% Relief Bracket
- Adjust brackets' Income limit parameters
- Cap Total Tax Relief at 125% of mean assessed value of Fairfax County residential properties
- Add Tax Deferral option

Effective January 1, 2023		
Percentage of relief	**Total Combined Income limit**	**Net Worth limit**
100%	Less than $60,000	$400,000
75%	$60,001 - $70,000	$400,000
50%	$70,001 - $80,000	$400,000
25%	$80,001 - $90,000	$400,000
Tax Deferral	$0 - $100,000	$500,000

Summary

Number of Participants and Potential Dollar Impact

* Participants in Tax Year 2022 are unable to be categorized into brackets prior to submission of applications

Percent of Relief	Tax Year 2020	Tax Year 2021	Proposed Tax Year 2022
100%	98	93	106
50%	15	17	16
25%	14	11	-
Prorated	10	25	24
New*	-	-	51
Totals	137	146	197
Cost – Current Program	$160,695	$170,000	$175,000
Cost Change in %	-	-	$14,380
Cost of New Participants	-	-	$86,300
Total Cost of Program	$160,695	$170,000	$275,680

Council Decisions

<u>For FY 2023 Budget</u>

1. Mirror County: Raise income limits and net worth limits as described by County.

<u>For FY 2024 Budget and beyond</u>

1. Mirror County: Add 75% bracket. Cap relief at 125% of County's mean assessed value.
    - Caveat – if house assessed over 125% of County's mean assessed value, applicant could get less tax relief in subsequent years.
2. Add tax deferral.

Questions?

Thank you