

**DEPARTMENT OF TAXATION
2022 Fiscal Impact Statement**

1. **Patron** Jeremy S. McPike
3. **Committee** Senate Finance and Appropriations
4. **Title** Real Property Tax; Exemption for Persons
65 Years of Age or Older or Permanently
and Totally Disabled

2. **Bill Number** SB 648
House of Origin:
 X **Introduced**
 Substitute
 Engrossed
- Second House:**
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would provide that any locality with a tax exemption or deferral program for persons 65 years of age or older, or persons permanently and totally disabled, may provide by ordinance that it will accept the required affidavits, written statements, or certifications on a rolling basis throughout the year.

Under current law, the affidavit, written statement or certification must be filed after January 1 of each year, but before April 1, or such later date as may be fixed by ordinance.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

6. **Budget amendment necessary:** No
7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
8. **Fiscal implications:**

Administrative Costs

This bill could result in unknown administrative costs to localities that choose to adopt the adjusted filing schedule. This bill would have no impact on state administrative costs.

Revenue Impact

This bill would have no impact on state or local revenue.

9. Specific agency or political subdivisions affected:

Localities with a real estate tax exemption or deferral program for persons 65 years of age or older, or permanently and totally disabled.

10. Technical amendment necessary: No

11. Other comments:

Current Law

Pursuant to the *Virginia Constitution*, state law authorizes localities to adopt exemption and deferral programs for the elderly or handicapped to provide tax relief for persons sixty-five years of age or older and for those who are permanently and totally disabled. The governing body of any locality may elect to adopt an exemption program, a deferral program, a combination of both, or none of the above. Localities that provide such programs may exempt or defer the real property taxes of the qualifying dwelling and the land, not exceeding ten acres, upon which it is situated. Under the Constitution, the General Assembly has the authority to restrict or condition this exemption, but may not expand it.

Eligible Taxpayers and Property

In order to be granted real property tax relief, qualifying property must be owned by and occupied as the sole dwelling of a person who is at least 65 years of age, or, if the local ordinance provides, any person with a permanent disability. Dwellings jointly held by spouses, with no other joint owners, qualify if either spouse is 65 or over or permanently and totally disabled.

Dwellings jointly held by two or more individuals qualify, even if all the owners are not at least 65 or permanently and totally disabled, provided the dwelling is occupied as the sole dwelling by all such joint owners. In this scenario, the tax exemption or deferral is prorated using a formula that takes into account the percentage of ownership interest in the dwelling held by those joint owners who are at least age 65 or have a permanent and total disability.

A locality may establish by ordinance, net financial worth or annual income limitations as a condition of eligibility for any exemption or deferral of tax. The person claiming such exemption must file annually with the commissioner of the revenue of the locality, on forms to be supplied by the locality, an affidavit or written statement setting forth (i) the names of the related persons occupying such real estate and (ii) that the total combined net worth including equitable interests and the combined income from all sources does not exceed the applicable limits of the program.

The affidavit, written statement or certification must be filed after January 1 of each year, but before April 1, or such later date as may be fixed by ordinance.

Proposal

This bill would provide that any locality with a tax exemption or deferral program for persons 65 years of age or older, or persons permanently and totally disabled, may provide by ordinance that it will accept the required affidavits, written statements, or certifications on a rolling basis throughout the year.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

cc : Secretary of Finance

Date: 1/22/2022 SK
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