



# CITY OF CONCORD

*New Hampshire's Main Street™*

## REPORT TO MAYOR AND THE CITY COUNCIL

**FROM:** Kathryn H. Temchack, Director of Real Estate Assessments

A handwritten signature in blue ink that reads "Kathryn".

**DATE:** January 27, 2020

**SUBJECT:** Report of the Tax Exemption Committee on revisions to the Existing Elderly and Blind Exemptions, Veteran Credits, and the adoption of the Electric Energy Storage Systems Exemption

### Recommendation

Accept this report and set a public hearing for adoption of the Tax Exemption Policy Committee's recommendation to increase the current elderly income levels. Accept their recommendations not to make any changes to the current elderly asset criteria and exemption amounts, the blind exemption, the existing adopted veteran credits, and not adopt RSA 72:85 the Electric Energy Storage Systems Exemption.

### Background

The Tax Exemption Policy Committee met via Zoom webinar on January 26, 2020 and reviewed information submitted to them from the Director of Real Estate Assessments regarding the existing exemption amounts for the elderly and blind exemptions, the existing income and asset thresholds for the elderly exemption, and the existing veteran tax credits. A spreadsheet depicting the same information regarding the elderly, blind and various veteran credits that thirteen other communities have adopted was provided for comparison with those presently adopted by Concord.

The current exemption and credit criteria and reductions are explained and outlined below:

### **Exemptions:**

Exemptions are deductions from assessed values prior to calculating property taxes. For example, if the final assessment is \$275,000 and a property owner is eligible for the \$119,000 elderly exemption the tax bill would be calculated as follows:

\$275,000 Assessed Valuation  
- \$119,000 Elderly Exemption Amount  
\$156,000 / \$1,000 = 156.00 x \$26.76 tax rate = \$4,174.56

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**Elderly:** Presently, the asset level for both single and married applicants is \$95,000 (not including the value of the person's residence). The income thresholds are single: \$34,300 and married: \$47,200. The exemption amounts are: Ages 65-74/\$73,000; Ages 75-79/\$119,000 and Ages 80 and older/\$203,000.

A list indicating the reasons for denial of the 2020 elderly exemption applicants was reviewed. The committee noted that the two closest denials based upon income were over the limit by \$450.63 and \$1,269.68 for two single applicants and \$646.33 for a married applicant. Social security payments increased 1.6% in 2020 for cost of living adjustments. The increase was reported to be about a \$24 increase per month for single retirees and \$40 for married retirees. In addition, applicants would need to include the \$1,200 (single) and \$2,400 (married) Stimulus Relief payments which are not exempt from the income amounts. The closest asset overage for a denied applicant was \$4,890.63 above the current \$95,000 limit. After discussion the committee recommends an increase to the income levels. The recommendation is to increase the income levels from \$34,300 to \$36,250 for single applicants and from \$47,200 to \$50,750 for married applicants. It was noted that the income amounts may decrease in the future to remove the Stimulus Relief payments since they are not on-going. No other changes were recommended.

**Blind:** The committee noted that unlike the elderly exemption there is no financial means testing for the blind exemption. The committee expressed its belief that the City's state delegation should be encouraged to consider legislating financial means testing for the blind exemption such as currently exists for the elderly and other property tax exemptions. The committee recommends no changes to the current adopted blind exemption.

Presently, the blind exemption is \$120,234. No change.

**Credits:**

Credits are deducted from the calculated tax bill. In the example shown earlier if the property owner is eligible for the veteran's tax credit of \$150.00 the final tax bill would be:

\$4,174.56	Tax bill after elderly exemption
<u>- \$ 150.00</u>	Veterans' tax credit deduction
\$4,024.56	Final tax bill

***Veteran's Tax Credit and All Veterans' Tax Credit:*** Presently, the tax credit is \$150.00. No change.

***Totally & Permanently Disabled Veteran Credit:*** Presently, the tax credit is \$2,000.00. No change.

***Widow of Veteran Killed During Active Duty:*** Presently, the tax credit is \$2,000.00. No change.

***Solar Energy Tax Exemption:*** In its' third year of adoption 150 current homeowners received the solar exemption in 2020 and the total amount of the exemptions was \$543,400. No Change.

***Adoption of RSA72:85 to Exempt Electric Energy Storage Systems***

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The committee discussed adopting RSA 72:85 to exempt electric energy storage systems. At last year's meeting, the committee asked the Assessing Office to survey property owners currently receiving the solar exemption to find out if or how many owners presently have electric energy storage systems. One hundred forty-six (146) letters were sent; 105 responded. Presently there are about five (5) with some type of electric storage system. It was agreed by all that encouraging property owners to install/add electric energy storage systems is consistent with the City's desire for sustainability and the reduction of greenhouse gas emissions by implementing energy efficiency projects. It is the committee's hope that more systems will be installed but given the pressures on this year's budget due to COVID 19 it was voted two (Chairperson Nyhan; Councilor Matson) to one (Councilor Kenison) not to adopt the exemption this year. The committee did recommend that another survey be sent next year in 2022 to find out if more systems were added and to discuss possible adoption

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