



CITY OF CONCORD

New Hampshire's Main Street™

REPORT TO MAYOR AND THE CITY COUNCIL

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

DATE: April 24, 2017

SUBJECT: Report of the Tax Exemption Committee on revisions to the Existing Elderly and Blind Exemptions & Veteran Credits

Recommendation

Accept this report adopting the Tax Exemption Policy Committee's recommendation to not make any changes to the current elderly income and asset criteria, exemption amounts, current veteran credit amounts, and the blind exemption.

Background

The Tax Exemption Policy Committee met on December 21, 2016 and reviewed information submitted to them from the Director of Real Estate Assessments regarding the existing exemption and credit amounts for the elderly and blind exemptions, the veteran credits, and the income and asset thresholds for the elderly exemptions. A spreadsheet depicting the same information regarding the elderly, blind and veteran credits that thirteen other communities have adopted was provided for comparison with those presently adopted by Concord.

A list indicating the reasons for denial of the 2016 elderly exemption applicants was reviewed. The committee noted that the two closest overage income denials were over the limit by \$1,228.60 and \$1,712.32. The overages were 2.68% and 5.12% respectively over the current adopted income limits. Social security payments were not increased in 2016 for cost of living adjustments. Therefore, no changes were recommended to the elderly exemption income or asset thresholds or the exemption amounts.

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 \$118,420 elderly exemption the tax bill would be calculated as follows:

\$275,000
-\$118,420
\$156,580 / \$1,000 = 156.58 X \$27.67 tax rate = \$4,332.57 tax bill

Elderly: Presently, the asset level for both single and married categories is \$90,000 (not including the value of the person's residence). The income thresholds are single: \$33,400 and married: \$45,800. The exemption amounts are: Age 65-74/\$72,818; Age 75-79/\$118,420 and Age 80 and older/\$202,124.

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

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:

\$4,332.57 Tax bill after exemption
-\$ 150.00 Veteran tax credit
\$4,182.57 Final tax bill

Veteran's Tax Credit: The committee reviewed and discussed RSA 72:28-b the new law enacted this past legislative session that allows communities to expand the veteran's property tax credit to all honorably discharged veterans by adopting the optional all veterans' tax credit. Previously, only veterans who served during a qualifying war time were eligible. The possible impact this would have on the City's budget since it is unknown how many more veterans would qualify for the all veterans' tax credit was discussed. The committee discussed that a \$150,000 budget increase raises the tax rate ½ of a percent. The committee unanimously voted to take a wait and see approach on what the fiscal impact is and the number of veterans who qualify in other communities which adopt the credit this year.

Totally & Permanently Disabled Veteran Credit: No change. Presently, the tax credit is \$2,000.00; the maximum allowed by law.

Widow of Veteran Killed During Active Duty: No change. Presently, the tax credit is \$2,000.00; the maximum allowed by law.

Solar Energy Tax Exemption: Councilor Werner discussed the optional solar exemption. He believes that property owners who want to add solar systems to their properties should be encouraged to do so and that presently there is some confusion in the community on the valuation of the systems for taxation. Councilor Werner indicated he would gather information from other communities which have adopted the exemption and met with Director Temchack. If more information becomes available, the committee can meet to discuss the solar energy tax exemption.