



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: January 25, 2018
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, adoption of all veterans' credit, and the blind exemption.

Background

The Tax Exemption Policy Committee met on January 11, 2018 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 comparing the same information regarding the elderly, blind and veteran credits that thirteen (13) other communities have adopted was reviewed.

The current exemption and credit criteria and reductions and the committee's recommendations 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 \$28.24 tax rate = \$4,421.82 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.

A report listing the reasons for the denial of the 2017 elderly exemption applicants was reviewed. The committee noted that the two closest overage income denials were over the limit by \$1,884.47 and \$1,923.23. Social security payments increased 0.30% in 2017 for cost of living adjustments. The closest asset difference for a denied applicant was \$26,000 over the current \$90,000 limit. After review the committee felt that the current income and asset exemption criteria were still appropriate and no changes were recommended. The committee did ask that next year the Assessing Department prepare information comparing the present total property valuation to the pre-recession valuation as well as changes in the tax rate during that time period.

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

The committee noted that unlike the elderly exemption there is no financial means testing for the blind exemption. Some members of the committee indicated they believe the City's state delegation should be encouraged to consider a financial means testing for the blind exemption. The committee recommended no changes to the current adopted blind exemption.

Credits:

Credits are deducted from the calculated tax bill. If the property owner qualifies for the veteran's tax credit of \$150.00 the final tax bill would be:

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

Veteran's Tax Credit and All Veterans' Tax Credit: The committee reviewed and noted that Boscawen, Hooksett, Nashua, Portsmouth, and Salem had adopted the all veterans' credit. The number of eligible veterans in those communities increased from 3.07%-4.31%.

The "All Veterans" is new legislation, effective as of August 2016; the legislation allows communities the option of adoption beginning with the 2017 tax year. Not knowing what month these communities adopted the new credit the committee knew that new applicants would have had less than a year and maybe only a month to apply. During this unknown time period— (some time after August 2016 –April 2017) the number of eligible veterans in those communities increased from 3.0% - 4.3%. Recognizing that these percentages reflect an increase during a partial calendar year; the credit would have been adopted after August 2016 and veterans would be required to submit applications by April 15, 2017. The committee felt uncomfortable discussing the potential financial impact adopting this credit would have on the City's budget. Accordingly, the committee recommends monitoring the increase in these communities for another year prior to making a recommendation.

No other changes for the Veteran's tax credit recommended.

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: The Assessing web page has been posted with information about the solar exemption. Presently there are 112 properties that have either installed solar systems or taken out a building permit to install a solar system. Letters will be sent to all of these property owners in the near future explaining the exemption, deadlines, application and documentation required in order to apply for the exemption. All of these new applications will need to be reviewed this year to determine if they qualify.