



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: February 19, 2020

A handwritten signature in cursive script, appearing to read "Kathy".

SUBJECT: Report of the Tax Exemption Committee on revisions to the Existing Elderly and Blind Exemptions, Veteran Credits, and Solar 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 level. 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 the solar exemption.

Background

The Tax Exemption Policy Committee met on February 19, 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 \$27.78 tax rate = \$4,333.68

Elderly: Presently, the asset level for both single and married categories is \$95,000 (not including the value of the person's residence). The income thresholds are single: \$34,100 and married: \$46,800. 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 2019 elderly exemption applicants was reviewed. The committee noted that the two closest denials based upon income were over the limit by \$40.97 and \$73.00 for single applicants and \$227.16 for married applicants. Social security payments increased 2.8% in 2019 for cost of living adjustments. The increase was reported to be about a \$39 increase per month for single retirees and \$67 for married retirees. The closest asset difference for a denied applicant was \$282,413 over the current \$95,000 limit. After discussion the committee recommends increasing the income levels. The recommendation is to increase the income levels from \$34,100 to \$34,300 for singles and from \$46,800 to \$47,200 for married applicants. 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.

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:

\$4,333.68	Tax bill after elderly exemption
<u>- \$ 150.00</u>	Veterans' tax credit deduction
\$4,183.68	Final tax bill

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

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

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

Solar Energy Tax Exemption: No change. In its' second year of adoption 144 current homeowners received the solar exemption in 2019 and the total amount of the exemptions was \$529,100.