



# CITY OF CONCORD

## REPORT TO MAYOR AND THE CITY COUNCIL

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

**DATE:** February 17, 2016

**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 Thursday, February 11, 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 comparisons.

A list indicating the reasons for denial of the 2015 elderly exemption applicants was reviewed. The committee noted that the two income denials were over the limit by \$1,399 and \$1,488. Social security payments increased in 2015 by 1.7% for cost of living adjustments. Increasing average benefits by 1.7% would still be substantially less than the lowest dollar overages. 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:

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\$275,000

-\$118,420

\$156,580 /\$1,000 = 156.58 X \$27.34 tax rate = \$4,280.90 tax bill

***Elderly:*** Presently, the asset level for both 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:

\$4,280.90 Tax bill after exemption

-\$ 150.00 Veteran tax credit

\$4,130.90 Final tax bill

***Veteran's Tax Credit:*** No change. Presently the veteran's tax credit is \$150.00.

***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.