



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, 2019

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

Recommendation

Accept this report and set public hearings for adoption of the Tax Exemption Policy Committee's recommendations to make changes to the current elderly income and asset criteria, exemption amounts, and adoption of the All Veterans' Tax Credit. Accept their recommendations not to make any changes to the existing adopted veteran credits and the blind exemption.

Background

The Tax Exemption Policy Committee met on January 23, 2019 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, the existing veteran credits, and the optional all veterans' tax credit. 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 \$118,420 elderly exemption the tax bill would be calculated as follows:

\$275,000 Assessed Valuation
-\$118,420 Elderly Exemption Amount
\$156,580/\$1,000 = \$156.58 x \$28.19 taxrate = a \$4,413.99 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: Ages 65-74/\$72,818; Ages 75-79/\$118,420 and Ages 80 and older/\$202,124.

A list indicating the reasons for denial of the 2018 elderly exemption applicants was reviewed. The committee noted that the two closest overage income denials were over the limit by \$77.64 and \$615.16. Social security payments increased 2.00% in 2018 for cost of living adjustments. The increase was reported to be about a \$28 increase per month for most typical retirees. The closest asset difference for a denied applicant was \$1,432.43 over the current \$90,000 limit. After discussion, the committee recommends increasing the income and asset levels and the exemption amounts. The recommendation is to increase the income levels to \$34,100 for singles and \$46,800 for married applicants and to increase the asset level to \$95,000 for both single and married applicants. The recommendation is to increase the exemption amounts to \$73,000 for ages 65-74; \$119,000 for ages 75-79 and \$203,000 for ages 80 and older.

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:

\$4,413.99 Tax bill after elderly exemption
-\$ 150.00 Veterans’ tax credit deduction
\$4,263.99 Final tax bill

Veteran’s Tax Credit and All Veterans’ Tax Credit: The committee reviewed the All Veterans’ credit data for Boscawen, Canterbury, Hooksett, Keene, Laconia, Londonderry, Nashua, Portsmouth, and Salem which have adopted the all veterans’ credit. The number of eligible veterans in those communities increased between 5%-10% after adoption of the All Veterans’ tax credit.

If adopted, the all veterans’ credit must be the same amount as the regular veterans’ tax credit. The all veterans’ tax credit will not replace the regular veterans’ tax credit but will be in addition to. The committee discussed 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. Applying the 5% and 10% increases to the number of regular veterans currently receiving the regular veterans’ tax credit could possibly increase the total credit for veterans by \$6,900 to \$13,950. After discussion, the committee recommends adopting the All Veterans’ Tax Credit by adoption of RSA 72:28-b. The amount will be \$150 the same as the regular veterans’ credit. The requirements of the all veterans’ tax credit per RSA 72:28-b is that the all

veterans' tax credit shall be subtracted from the property tax on the veterans' residential property. A person shall qualify for the all veterans' tax credit if the person is a resident of this state who served not less than 90 days on active service in the armed forces of the United States and was honorably discharged or an officer honorably separated from service; or the spouse or surviving spouse of such resident, provided that Title 10 training for active duty by a member of a national guard or reserve shall be included as service; provided however that the person is not eligible for and is not receiving a credit under RSA 72:28 (regular veterans' tax credit) or RSA 72:35 (tax credit for service connected total and permanent disability).

No change to the regular veterans' tax credit of \$150.00 is recommended.

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: 176 letters were sent to property owners believed to have solar systems. 146 applications were received and the amount of the solar exemption for the first year was \$491,400. In order to notify property owners who might qualify for the exemption, the Assessing Office will be placing information about the solar exemption more prominently on the department's website and working with the Code Office to place a solar exemption notice on building permits for solar systems.