

Response to Questions on the FY 2018 Budget

Request By: Supervisor Smith

Question: How many properties in Fairfax County's Real Estate Tax Relief Program are valued at over \$1.0 million? If these properties were not eligible for tax relief, how much additional revenue would be generated by the County?

Alternatively, if the County capped real estate tax relief at a particular value (such as the current residential mean assessed value of \$553,168 or \$750,000) and tax relief was only applicable on taxes below that level, how much additional revenue would be generated?

Response: Fairfax County currently provides graduated real estate tax relief to residents who are either 65 or older or permanently and totally disabled and meet income and asset eligibility requirements. The current program provides 100 percent exemption for elderly and disabled taxpayers with incomes up to \$52,000; 50 percent exemption for eligible applicants with income between \$52,001 and \$62,000; and 25 percent exemption if income is between \$62,001 and \$72,000. The allowable net asset limit is \$340,000 for all ranges of tax relief. The asset limit excludes the value of the taxpayer's dwelling and up to one acre of land on which the dwelling is located. Currently, there is no limit on the value of the property for which tax relief is received. In FY 2018, the Real Estate Tax Relief Program for the Elderly and Disabled is projected to relieve approximately \$28.0 million. An additional \$1.1 million in tax relief is expected to be granted to disabled veterans that is not subject to income and asset limitations.

Of the approximately 7,100 households in the Real Estate Tax Relief Program for the Elderly and Disabled, 48 have property that exceeded \$1.0 million in value. If the tax relief program was limited to properties valued at less than \$1.0 million, a savings of approximately \$550,000 would be generated.

Alternatively, if the program limited tax relief to the tax on the first \$750,000 in property value, savings of approximately \$372,000 would be generated. Limiting real estate tax relief to the tax on the FY 2018 residential mean assessed value of \$533,168 would generate savings of approximately \$1.8 million. The majority of the current tax relief participants have properties valued at less than the residential mean assessed value.