

## **Property Tax Relief**



An update on 2012 Personal Property
Tax Relief, the Land Use Program and
Tax Relief for the Elderly & Permanently
Disabled



# Personal Property Tax Relief - Background

- 1997 –General Assembly passed legislation to incrementally eliminate tax on the first \$20,000 in value for qualifying motor vehicles
- 2005 General Assembly amended the Act to limit the relief provided to Virginia taxpayers to \$950,000,000.
- Localities to receive share of funds based on tax year 2004 collections



### Hanover's Share

- Based on 2004 collections Hanover's annual share of the \$950,000,000 is:
  - \$15,002,000
- Payments to localities
  - August 15-5% (\$750,100)
  - November 15-75% (\$11,251,500)
  - February 15-10% (\$1,500,200)
  - May 15-10% (\$1,500,200)

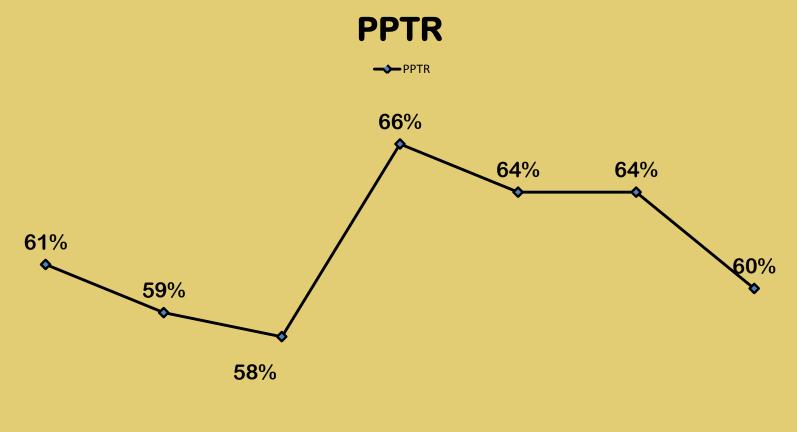


# **Proposed Distribution of Funds for Tax year 2012**

- Vehicles valued at \$1,000 or less 100% relief for qualifying vehicles
  - Maintains intent of original program
- Vehicles valued above \$1,000 60% Relief on the first \$20,000 in value for qualifying vehicles
  - Effectively spreads allotment of funds from the state over existing qualifying vehicles



## PPTR Percentages 2006-2012





- A MOTION TO APPROVE RESOLUTION ESTABLISHING RELIEF PERCENTAGES AS PROPOSED
  - The proposed percentages allow approximately \$45,000 in funds to be allocated for unanticipated 2012 billings
  - It is estimated that the proposed levels of relief in addition to the contingency will exhaust the funds available from the State for this purpose



Section 58.1 Article 4 of the Code of Virginia allows localities to adopt an ordinance for a "Special Assessment for Land Preservation". It is familiarly referred to as the "Land Use Program".



## **Land Use in Hanover County**

- Land Use began in Hanover in 1974
- Properties may have both qualifying & non-qualifying acreage
- 2012 Summary
  - -3,384 qualified parcels
  - 156,723 acres
  - \$5,516,456.40 in deferred levy



### Land Use Categories:

- Agriculture requires a minimum of 5 acres in production/cultivation
- Horticulture requires a minimum of 5 acres in production of fruits, nuts, berries, vegetables, nursery or floral products
- Forest requires a minimum of 20 acres devoted to tree growth in such quantity as to constitute a forest area
- Open Space requires a minimum of 5 acres devoted to the conservation of land, parks, golf courses or other natural resources



Land Use program values are determined annually by the State Land Evaluation and Advisory Council (SLEAC).



The State Land Evaluation and Advisory Council (SLEAC) was created in 1973 with the mandate to estimate the use value of eligible land for each jurisdiction participating in the use-value taxation program. The SLEAC contracts annually with:

- Department of Agricultural and Applied Economics at Virginia Tech to develop an objective methodology for estimating the use value of land in agricultural and horticultural uses
- Virginia Department of Forestry for the use value of land in forestry
- Department of Conservation and Recreation for the use value of land in open space.

### 2013 LAND USE VALUES WITH RISK FACTOR AGRICULTURAL

EAST	I 970	H 870	III 650	IV 520	V 390	VI 320	VII 190	VIII 60	
		690			300		150		
TIMDEB									
TIMBER EXCELLENT GOOD FAIR									
EAST	617	ralization Maria	L		430	,		281	
	617				430			281	
					100			#	
WASTELAND									
					75				
OPEN SPACE									
			,	OFER	1800	- 1824 - 1824			
					1000				
HORTICULTURAL									
				AP	PLES				
	1	H	Ш	IV	$\mathbf{V}$	VI	VII	VIII	
EAST	640	450	210	80	60	60	20	70	
WEST	510	350	170	60	50	50	10	50	
	PEACHES, CHERRY, PEAR OR PLUM								
	1	BACIO H	iies, c	IV.			VII		
EAST	690			140			40		
WEST	550			110		80	30		
17 200 2						20	2.4	20	
TAX RATES									
1977 - \$2.60					1998-	.73	2005-3	6.86	2012-\$.81
			1992 - \$.67				2006-\$,86		2013-5.81
	1986 - S.67				2000-\$.83		2007-\$.81		
	1987 - \$.70 1								
1981 - \$ .64						1.82	2009-5		
1982 - \$ .69 1983 - \$ .76						6.82 8.86	2010-5 2011-5		
7302 - à 7\0	1770 -	φ# / <del>@</del>	177/	4113	#UU14-	7.00	#U11-1	7.01	

#### 2013 CHRISTMAS TREE VALUES

EXCELLENT GOOD FAIR 600 400 278

#### DETERMINED BY THE COMMISSIONER OF REVENUE.

# **Breakdown of Land Use Categories**

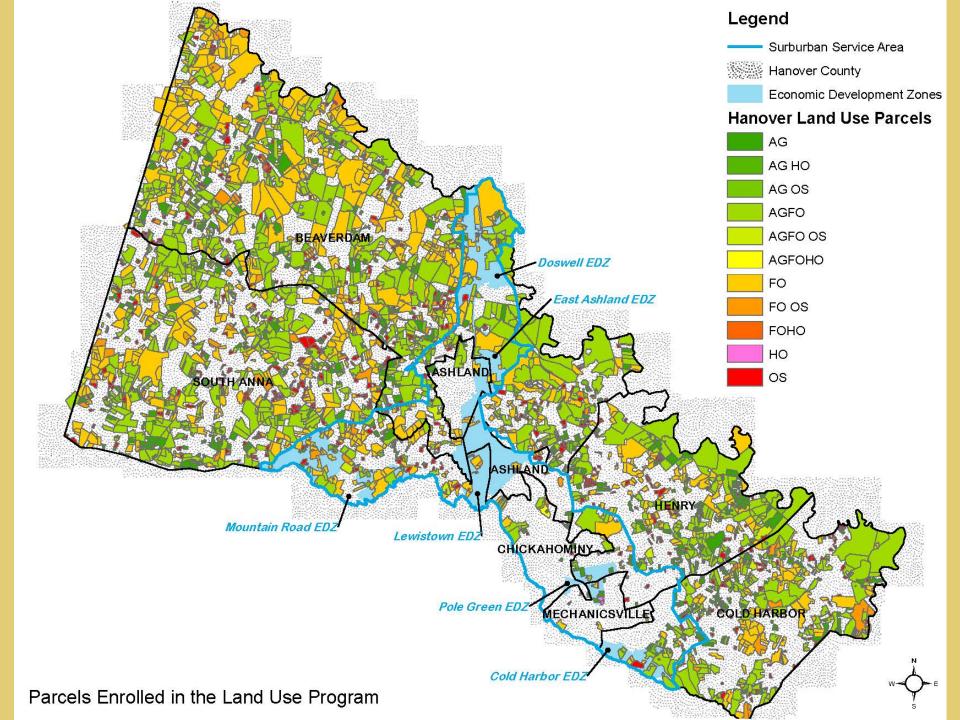
#### LAND USE ASSESSMENTS

Use Type	Land Use Acres		nd Use Value	% of LU Acres	% of LU Value	Deferred Levy	
Agricultural	46,782.380	\$	13,656,989	29.85%	17.27%	\$	952,901.62
Forestal	100,148.085	\$	47,893,544	63.90%	60.58%	\$	3,341,720.19
Horticultural	77.720	\$	24,472	0.05%	0.03%	\$	1,707.51
Open Space	9,714.977	\$	17,486,865	6.20%	22.12%	\$	1,220,127.08
	156,723.162	\$	79,061,870	100.00%	100.00%	\$	5,516,456.40

Farm House	1,713.000	\$ 98,019,848
NonQualifying	4,593.396	\$ 33,513,280
	163,029.558	\$ 210,594,998

Of the approximately 3,300 properties enrolled in the Land Use program, there are 1,622 properties with a home on the property.

- 55% of total County acreage in Land Use.
- 7% of all parcels in Land Use





# Real Estate Tax Relief for the Elderly & Disabled

- Real Estate Tax Relief was approved in 1973 for the 1974 tax year
- Relief is allowed on the levy for the house and up to 10 acres of land
- Applicant Qualifications per the Code of Virginia
  - Must be the owner or partial owner of the property
  - Must live on the property as the primary residence (exceptions can be made for medical reasons)
  - Must be 65 years of age or permanently disabled on January 1<sup>st</sup> of the application year

# Real Estate Tax Relief (Hanover County Limits)

- Total Household Income may not exceed \$50,000
- Total Net Worth may not exceed \$200,000
- Relief is granted on a sliding scale based on the total household income
  - \$0 \$20,000 100% relief
  - \$20,001 \$30,000 75% relief
  - \$30,001 \$40,000 50% relief
  - \$40,001 \$50,000 25% relief

\*Effective January 1, 2011, the General Assembly of Virginia removed all limits on net worth and income. The limits may be determined by individual localities.



## **Locality Comparison of Limits**

Locality	Allowed Acreage	Net Income Limits	Net Worth Limits	Exemption Cap
Hanover	10.000 acres	\$50,000	\$200,000	n/a
Henrico	10.000 acres	\$67,000	\$350,000	\$3,000
Spotsylvania	1.000 acre	\$50,000	\$150,000	\$1,000
Chesterfield	1.000 acre*	\$52,000	\$350,000	\$2,000**
Albemarle	10.000 acres	\$69,452	\$200,000	n/a

<sup>\*</sup>Chesterfield allows up to 10.000 acres to be excluded from the net worth application. The relief is only applied to the tax for 1.000 acre.

<sup>\*\*</sup>Chesterfield has an exemption cap of \$2,000 that only applies to applicants who qualify for 60% or 35% relief. If the applicant qualifies for 100% relief, then the entire levy is abated for the property, up to 1.000 acre.



### **Real Estate Tax Relief**

### 2012 Tax Relief Application Year

– Qualified Applicants: 1,554

100% Relief:598 qualified \$731,929 relief levy

• 75% Relief:394 qualified \$411,855 relief levy

• 50% Relief:330 qualified \$252,982 relief levy

• 25% Relief:232 qualified \$90,355 relief levy

Total Relief Provided \$1,487,121