

## *City of Alexandria, Virginia*

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### MEMORANDUM

DATE: MARCH 24, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #22: ELDERLY AND DISABLED TAX RELIEF BENEFIT

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This memorandum is in response to Councilman Krupicka's request for information on the effect of the City raising the asset restrictions on Alexandria's Elderly & Disabled Tax Relief Benefit from the current level of \$240,000 to the maximum level of \$340,000 set by the Commonwealth of Virginia. The General Assembly has also recently passed a bill increasing the maximum level of asset restrictions on personal property tax relief to \$540,000 of total financial worth. That increase in asset limit does not take effect until January 1, 2007, but Council could enact legislation now which would equate to full year's cost. FY 2007 would take effect mid-year and cost a projected \$175,000 for the June real estate payment.

In 2005, 966 seniors or disabled residents claimed the benefit. Based on current numbers and the rate of growth in the program, it is estimated that increasing the maximum asset limit on the Elderly and Disabled Tax Relief Benefit program to \$340,000 would increase the number of residents eligible for the program by up to about 200 households, increasing the level of tax relief by approximately \$350,000. It is estimated that increasing the maximum asset limit on the program to \$540,000 would increase the number of residents eligible for the program by up to about 200 more households, raising the level of tax relief by another \$350,000.

The table below shows the estimated number of participants and cost to the City of increasing the City's financial asset restrictions.

**Asset level restrictions and the elderly and disabled tax relief benefit**

	<b>Asset Limit</b>	<b>Projected Number of participants</b>	<b>\$ Projected Cost</b>
FY 2007 Proposed Budget	\$240,000	966	\$3,200,000 (base proposal)
Raise Asset Limit to	\$340,000	+200	+\$350,000
Raise Asset Limit	from \$340,000 to \$540,000	+200	+\$350,000