



Legislation Details (With Text)

<b>File #:</b>	24-0164	<b>Version:</b>	1	<b>Name:</b>	Tax Relief Elderly & Disabled - COLA Adj Grandfather Clause
<b>Type:</b>	Ordinance-Coded	<b>Status:</b>			Passed
<b>File created:</b>	3/29/2024	<b>In control:</b>			City Council Legislative Session
<b>On agenda:</b>	4/10/2024	<b>Final action:</b>			4/10/2024
<b>Title:</b>	Ordinance to Amend the City Code of the City of Hampton, Virginia by Amending and Reenacting Chapter 37, "Taxation;" Article II, "Real Estate Taxes;" Division 6. "Deferral or Freeze for the Elderly and Disabled;" Section 37-123, "Grandfathering of Qualified Persons Under the Prior Tax Exemption Program"				
<b>Sponsors:</b>					
<b>Indexes:</b>	, , Commissioner of the Revenue				
<b>Code sections:</b>					
<b>Attachments:</b>	1. Sec 37-123 COLA Increase Grandfather Clause (Redlined), 2. SSA Historical Cost-Of-Living Adjustments				

Date	Ver.	Action By	Action	Result
4/10/2024	1	City Council Legislative Session	approved	Pass

Ordinance to Amend the City Code of the City of Hampton, Virginia by Amending and Reenacting Chapter 37, "Taxation;" Article II, "Real Estate Taxes;" Division 6. "Deferral or Freeze for the Elderly and Disabled;" Section 37-123, "Grandfathering of Qualified Persons Under the Prior Tax Exemption Program"

**PURPOSE/BACKGROUND:**

The purpose of this Resolution is to adjust the income limitations for persons grandfathered into the real estate tax exemption program to better align those limitations with rises in income that may be experienced by those qualifying individuals solely due to recent unusually large cost-of- living adjustments implemented by the Social Security Administration.

**Discussion:**

In May, 2014, as part of the fiscal year 2015 budget process, the then Council modified what was a real estate tax exemption program for the elderly and disabled to a deferral or freeze program due to the astronomical growth in the exemption program, but also enacted a grandfather clause that allowed those who previously qualified for the exemption program to stay in that program, subject to the income limitations and other conditions stated in the ordinance. Most (if not all) individuals in that exemption program live on fixed incomes, with social security being the primary source of that income. From 2014-2020, the average cost-of-living increase in social security benefit increases averaged 1.4%; however in recent years, those increases have been 5.9% (2021); 8.7% (2022); and 3.2% (2023). However, the reality is that those larger increases have no substantive impact on the quality of life of the individuals receiving those payments due to the progressively rising actual cost of living (e.g. cost of groceries, utilities, gas, etc.)

In 2014, there were 1,295 properties benefiting from the grandfather clause. That number has progressively decreased. Only 321 properties remained in that program for fiscal year 2024. The Commissioner of Revenue, after review of the impact of those recent social security cost of living increases, recommends that the income limitation tiers for the grandfathered exemption program each be increased by \$2,000. Per his assessment, this increase is sufficient to prevent those individuals who remain in the exemption program from being disqualified from that program solely because of those extraordinary increases; and will have no impact on the City's budget.

**Impact:**

This action will prevent elderly and disabled individuals who have been exempt from real estate taxation since at least 2014 from unexpectedly incurring a sizable, unexpected expense while still living on a fixed income.

**Recommendation:**

Approve Resolution.

**BE IT ORDAINED** by the City Council of the City of Hampton, Virginia, that Chapter 37, Article II, Division 6, Section 37-123 of the City Code of the City of Hampton, Virginia be amended and restated to read as follows:

**Chapter 37 - Taxation**

...

**ARTICLE II. - Real Estate Taxes**

...

**Division 6. Deferral or Freeze for Elderly or Disabled**

...

**Sec. 37-123. Grandfathering of qualified persons under the prior tax exemption program.**

- (a) Notwithstanding any provision in this division to the contrary, a person qualifying and claiming an exemption as of July 1, 2013, shall be grandfathered into the tax exemption program and shall continue to be eligible to apply annually for the tax exemption program.
- (b) Such persons grandfathered into the tax exemption program shall be required to adhere to the income limitations and financial worth limitations set forth in the prior tax exemption program, as adjusted to offset the impact of an extraordinary increase in the federal social security cost of living adjustment, and the amount of the tax exemption shall be as shown on the following schedule:

Combined Income	Percent of Tax Relieved
\$0.00 to \$27,000.00	100%
\$27,001.00 to \$29,000.00	75%
\$29,001.00 to \$31,000.00	50%
\$31,001.00 to \$33,000.00	25%

(c) No lien shall accrue as a result of the amount certified as exempt under this section. However all other requirements and obligations found in this article II shall apply to the individual under this subsection as if expressly set out herein including, but not limited to nullification upon change of status.

(d) Any exemption under this section 37-123 shall be nullified if the actual income and financial worth levels exceed the limitations.