



HOUSE SELECT COMMITTEE PROPERTY TAX REDUCTION AND REFORM

Responses to Questions from December 17, 2025, Meeting

Q1. Provide information on Virginia's local government property tax programs such as deferrals, exclusions, or tax freezes. | Requested by Rep. Paré

VIRGINIA'S ELDERLY AND DISABLED PROPERTY TAX EXEMPTION	
<p><small><u>Va. Code Ann. § 58.1-3210</u> grants localities the authority to establish their own property tax exemptions for elderly and disabled homeowners. Virginia has 95 counties, 35 independent cities, and over 200+ cities, towns, and villages. This information is non-exhaustive, and is based on the Virginia Department of Taxation's annual report, provided by the Virginia Association of Counties.</small></p>	
<p><u>EXCLUSION AMOUNTS:</u></p> <p>Sliding Scale Based on Income: Cities: 11 Counties: 24</p> <p>Sliding Scale Based on Income and Net Worth: Cities: 1 Counties: 5</p> <p>Sliding Scale Based on Income and Tax Due: Cities: 0 Counties: 1</p> <p>Sliding Scale Based on Tax Due: Cities: 0 Counties: 1</p> <p>No Exemption, Tax Freeze: Cities: 1 Counties: 1</p> <p>Exemption or Tax Freeze: Cities: 1 Counties: 0</p> <p>Fixed Amount: Cities: 1 Counties: 3</p> <p>Formula Cities: 1 Counties: 2</p> <p>Up to a Certain Amount Cities: 1 Counties: 13</p> <p>Total Exemption: Cities: 0 Counties: 4</p> <p style="text-align: center;">Offer a Total Exemption in Some Capacity: Cities: 6 Counties: 21</p>	<p><u>NET WORTH LIMITS:</u></p> <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p>Cities with Net Worth Limits: 20</p> </div> <div style="text-align: center; margin: 0 20px;"> </div> <div style="text-align: center;"> <p>Counties with Net Worth Limits: 65</p> </div> </div> <p>Net worth limits vary widely. <u>Cities</u> range from \$25,000 to \$500,000. <u>Counties</u> range from \$50,000 to \$500,000. The most common limit is \$100,000, held by 5 cities and 11 counties.</p> <p>Most localities exclude the value of the dwelling from net worth calculations, and some exclude an amount of acreage from net worth calculations. <u>Cities</u> range from excluding 0 to 10 acres. <u>Counties</u> range from excluding 0 to 25 acres. The most common exclusion is 1 acre, held by 12 cities and 25 counties.</p>
<p style="text-align: center;"><u>INCOME ELIGIBILITY LIMITS:</u></p> <p>Income eligibility limits vary widely. <u>Cities</u> range from \$15,000 to \$112,500. The most common limit is \$40,000, held by 3 cities. <u>Counties</u> range from \$24,000 to \$123,903. The most common limit is \$50,000, held by 12 counties.</p> <p style="font-size: small;"><small>*Many localities exclude a fixed amount of a non-qualifying resident's income and some exclude a portion of disability income for a permanently disabled homeowner.</small></p>	

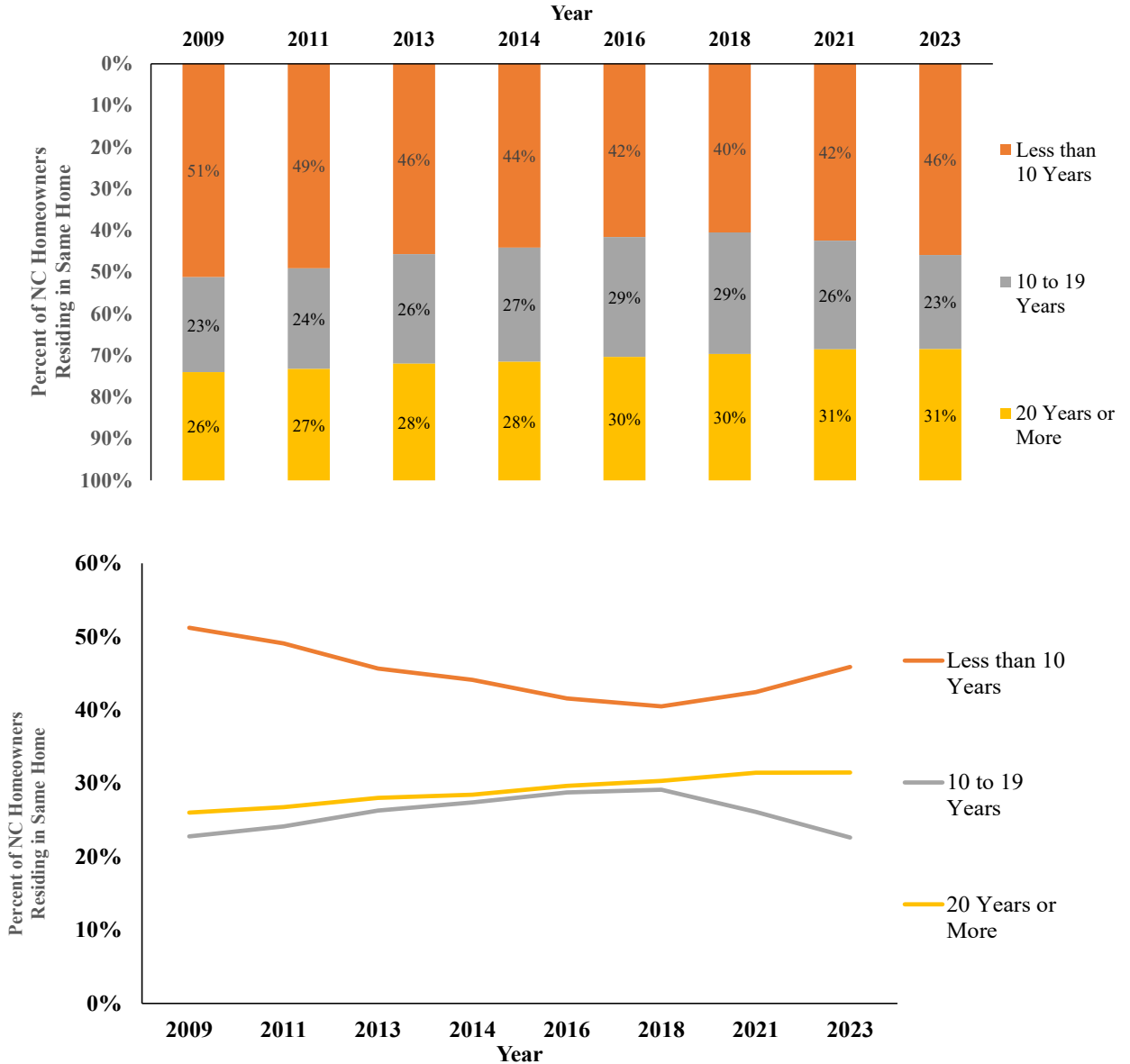
Staff Contact: Zoey Howe, Legislative Analysis Division

Q2. How long people have been in their homes? | Requested by Rep. Almond

The graph(s) below shows the length of time North Carolina homeowners have historically remained in the same residence.

This/These show that the percentage of homeowners staying in their homes:

- For 20 years or more has steadily increased from 26% in 2009 to 31% in 2023;
- From 10 to 19 years increased from 2009 to 2018 but recently declined back to 2009 levels—this decline was at a faster rate than the previous increase; and Discuss Shrinking middle?
- For less than 10 years decreased from 2009 to 2018 but has increased again since then—but have not yet reached 2009 levels.



Staff Contact: Brent Lucas, Fiscal Research Division

Q3. Provide information into how Nebraska's property tax works with a levy limit, and how to implement the levy without impacting local budgets. | Requested by Rep. Echevarria

Nebraska's Legislative Bill 34 (LB34) was enacted in August of 2024 and addresses property taxes on two fronts: controlling local government revenue growth and providing direct tax relief to homeowners. The bill's primary mechanism for controlling growth is the Property Tax Growth Limitation Act, which imposes a strict cap on the annual property tax revenue that cities, counties, and villages can collect. Effective July 1, 2025, a political subdivision's annual property tax request (i.e., "levy") is restricted to an "allowable growth percentage," defined as the greater of 0% or the current rate of inflation. This measure prevents local governments from experiencing automatic revenue increases solely because property valuations have risen, requiring a public vote if they wish to exceed this limit for general funding. The cap does, however, provide exceptions for revenue generated from new construction, property improvements, or annexations, as well as essential services like public safety and emergencies. Local entities also have the option to carry forward a limited amount of unused tax authority to future years or seek a voter override for additional funds.

In addition to these levy limits, LB34 works with the existing Nebraska homestead exemption to provide direct relief to homeowners. The homestead exemption, which, subject to limited exceptions, must be applied for annually by qualified individuals (e.g., those over 65, veterans, or those with specific disabilities), is the first layer of relief, reducing a home's taxable value pursuant to (mainly income-related) state guidelines. After this initial exemption is calculated, the new credit from the School District Property Tax Relief Act (the other major component of LB34) is applied to any remaining school district tax liability. LB34 effectively "front-loads" this relief, converting a previous income tax credit (for previously paid "school district" property taxes) into an automatic reduction of tax liability, appearing directly on homeowners' property tax statements. The School District Property Tax Relief Act was funded by an initial \$750 million state allocation with increased state allocations set for later years.

Staff Contact: Brett Berne, Legislative Drafting Division

Q4. Analyze the economic impacts on middle class & fixed income households in higher appreciation areas due to assessment limits and levy limits. | Requested by Rep. Echevarria

A. Assessment Limit

Assessment limits cap increases in a property's assessed value, regardless of changes in market value. Typically, a property's assessed value is reset to market value at time of sale. As a result, new homeowners face higher tax bills than long-term homeowners, regardless of income. This dynamic creates a situation in which homeowners with similar property values face different tax bills based on when the home was purchased rather than the value of the home or income of the homeowner.

The benefit of an assessment limit depends on how much a property would have increased in value without the limit in place. So, **the overall impact on middle class and fixed-income households depends on both the length of time in the home and how much the property has appreciated in value over that period.**

Some jurisdictions modify their approach to assessment limits to reduce differences in tax payments. For example, in New York City, assessments do not fully reset upon sale, which can reduce differences in tax payments between longtime and new homeowners. However, this can still result in uneven tax burdens across neighborhoods with different growth patterns (fast-growing neighborhoods benefit more relative to slow-growing neighborhoods).

Another modification example is in Florida where the assessment limit is portable. This helps reduce the "lock-in" effect, which is when homeowners stay in their home to benefit from the assessment cap even though a different home may be better-suited for their household. While this addresses one issue with assessment limits, long-term homeowners still receive more benefits relative to new homeowners, regardless of income.

B. Levy Limit

Levy limits restrict the total amount of revenue that can be raised through the property tax. Under a levy limit, assessed values and tax rates are not directly constrained, but the overall revenue collected is capped.

When the total assessed value of taxable property increases, jurisdictions may need to lower tax rates to remain within the levy limit. For homeowners, the impact of the rate change depends on how their property assessment changes relative to the overall tax base. Thus, **the impact on middle-income or fixed-income households is ambiguous.**

A homeowner may receive a **higher tax bill** in these instances:

- Rate stays the same, assessed value of their home increased
- Rate is lower, assessed value of their home increased by more than the rate reduction
- Rate is higher, assessed value of their home stayed the same
- Rate is higher, assessed value of their home increased

And they may receive a **lower tax bill** in these instances:

- Rate stays the same, assessed value of their home decreased
- Rate is lower, assessed value of their home stayed the same
- Rate is lower, assessed value of their home decreased
- Rate is lower, assessed value of their home decreased by more than the rate increase

Staff Contact: Alannah Knight, Fiscal Research Division

Q5. Can we estimate what renters "pay" in property tax? | Requested by Rep. Blust

It is difficult to precisely quantify the share of the property tax paid by renters, but economic research shows that some portion of property taxes are passed through to renters in the form of higher rents. Estimates range from 14 percent to over 60 percent of property taxes being passed on to renters. On average, states that provide property tax relief to renters assume that property taxes account for about 18 percent of rents, but a recent study found that the property tax accounts for just 9 percent of rents.

Staff Contact: Alannah Knight, Fiscal Research Division

**Q6. Reach out to DOR about possible delayed/three years late property tax reevaluation.
| Requested by Rep. Cunningham**

We reached out to the Department of Revenue, and they were unaware of any counties within the last few decades that failed to conduct a revaluation within the timeline required under law. However, there was an instance where the General Assembly passed legislation allowing a county to retroactively change tax appraisals only if that county satisfied certain eligibility requirements (see [S.L. 2013-362](#)). This was a General Assembly initiated process to remedy what it viewed as defective reappraisals that occurred during 2008-2012, when the economic downturn most severely affected home prices. The only county that satisfied the eligibility requirements set by the GA in S.L. 2013-362 was Mecklenburg County.

However, outside of that isolated incident initiated by the General Assembly, we are not aware of any instance where a local government conducted a reappraisal and then applied those values retroactively to its tax base. Further we are unaware of any local units failing to conduct a reappraisal within the time required under law, at least within the last 20 years or so.

Staff Contact: Nick Giddings, Legislative Analysis Division