

**City of Alexandria, Virginia
 FY 2025 Proposed Operating Budget & CIP
 Budget Questions & Answers**

April 4, 2024

Question:

What would be the financial impact of increasing the gross income limit for vehicle personal property tax relief from the current \$20,000 to \$30,000, or the state cap of \$52,000?

Response:

Under the present program, the Elderly (65 and over) or permanently and totally disabled (no age restriction) can get tax relief on their car as long as their gross income does not exceed \$20,000 and their net assets do not exceed \$75,000. The relief is only granted to one vehicle per household, assessed less than \$30,000. Section 58.1-3506.2 of the Code of Virginia sets the maximum gross income limit for the City’s program at \$52,000, or according to annually published HUD limits based on family size.

In FY 2024, relief was granted to 70 applicants, reducing General Fund revenue by \$32,123, or average relief of \$459 per person.

Extrapolating from American Community Survey data (Census), it can be roughly estimated that raising the gross income limit could further reduce General Fund revenue as follows:

Gross Income	Number	Taxes Relieved
\$20,000 or Less (Current Program)	70	\$32,123
Income Increased to \$30,000	495	\$227,205
Subtotal	565	\$259,328
Income Increased to \$40,000	450	\$206,550
Subtotal	1,015	\$465,878
Income Increased to \$52,000	420	\$192,780
Total	1,435	\$658,658

Increase	Increase	
1,435	\$658,658	Revised Total at Max
(70)	(\$32,123)	Current Program
1,365	\$626,535	Net Increase