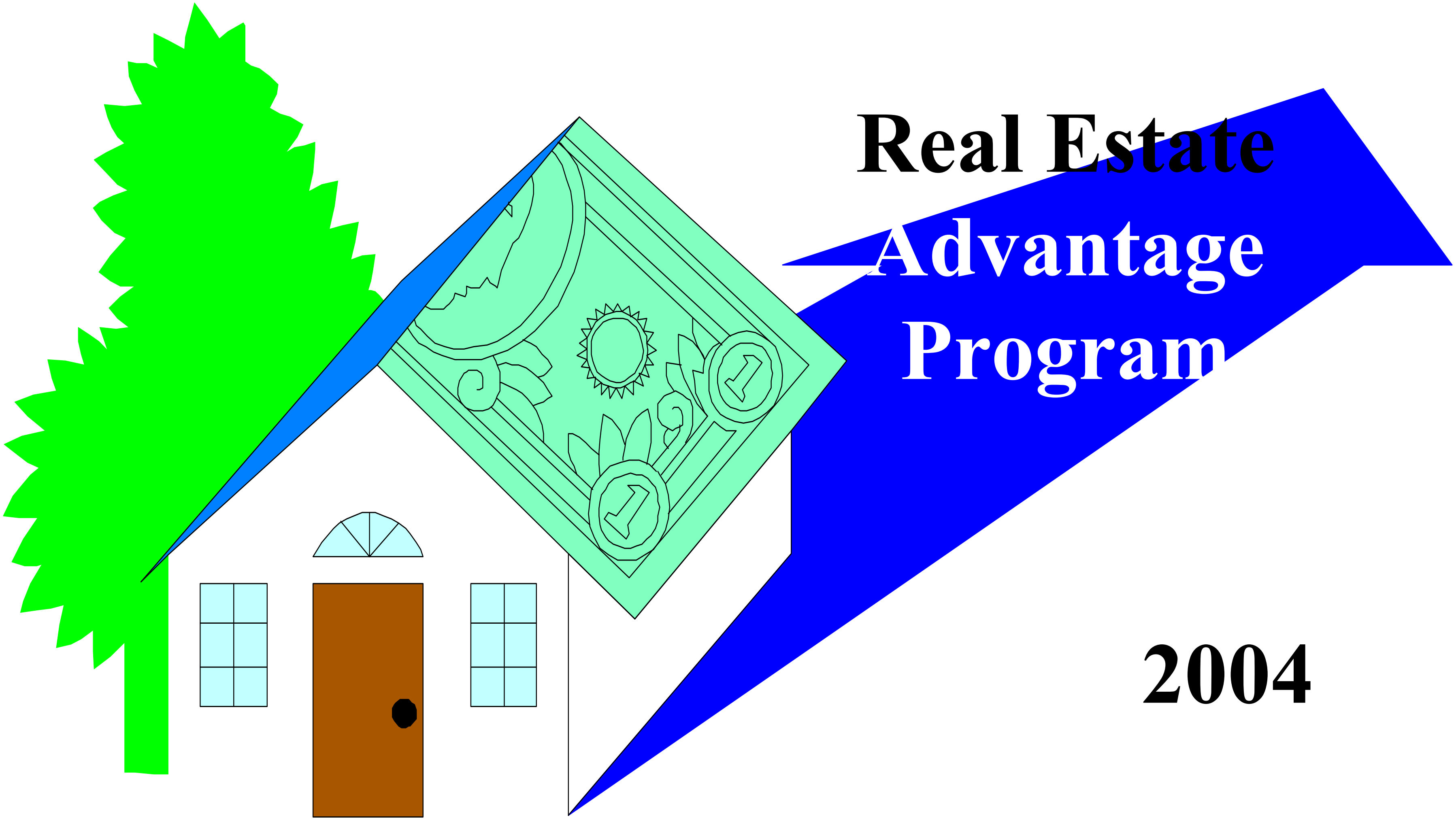
Real Estate Advantage Program



2004

General Overview

The Virginia State Code provides that the governing body of any county, city, or town <u>may</u>, by ordinance, provide for the exemption of real estate taxes on property owned by the elderly or permanently disabled.

Highlights

- The County of Henrico initially adopted its Real Estate Advantage Program (REAP) in 1973.
- From its inception, the program has continuously expanded to the point where over 3,000 citizens are expected to apply for REAP in 2004, and over $2M is expected to be awarded in tax relief.

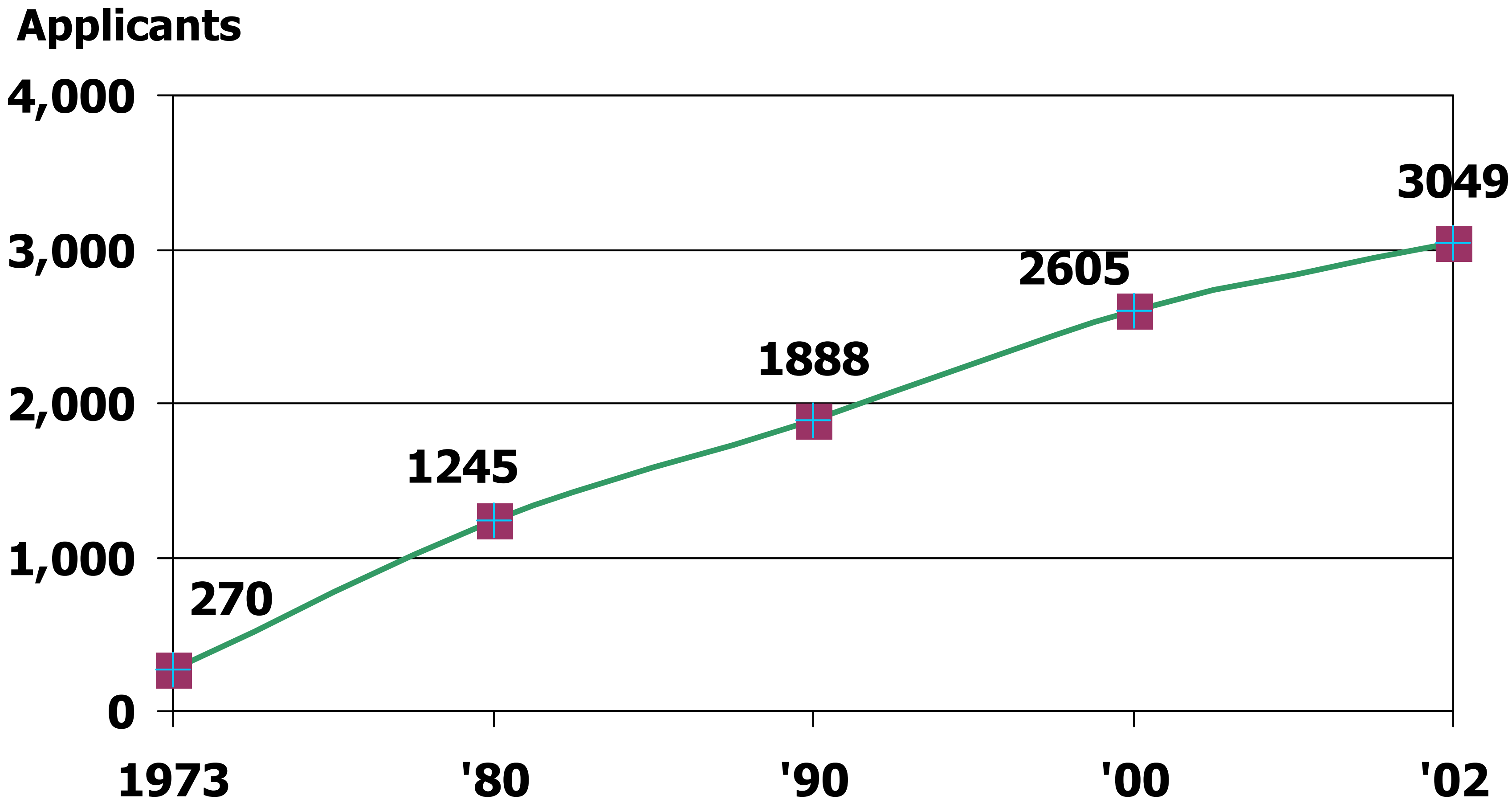
However, in order to qualify for this program, the real estate must be owned and occupied by someone who is either:

- Sixty-five (65) years of age or older; or

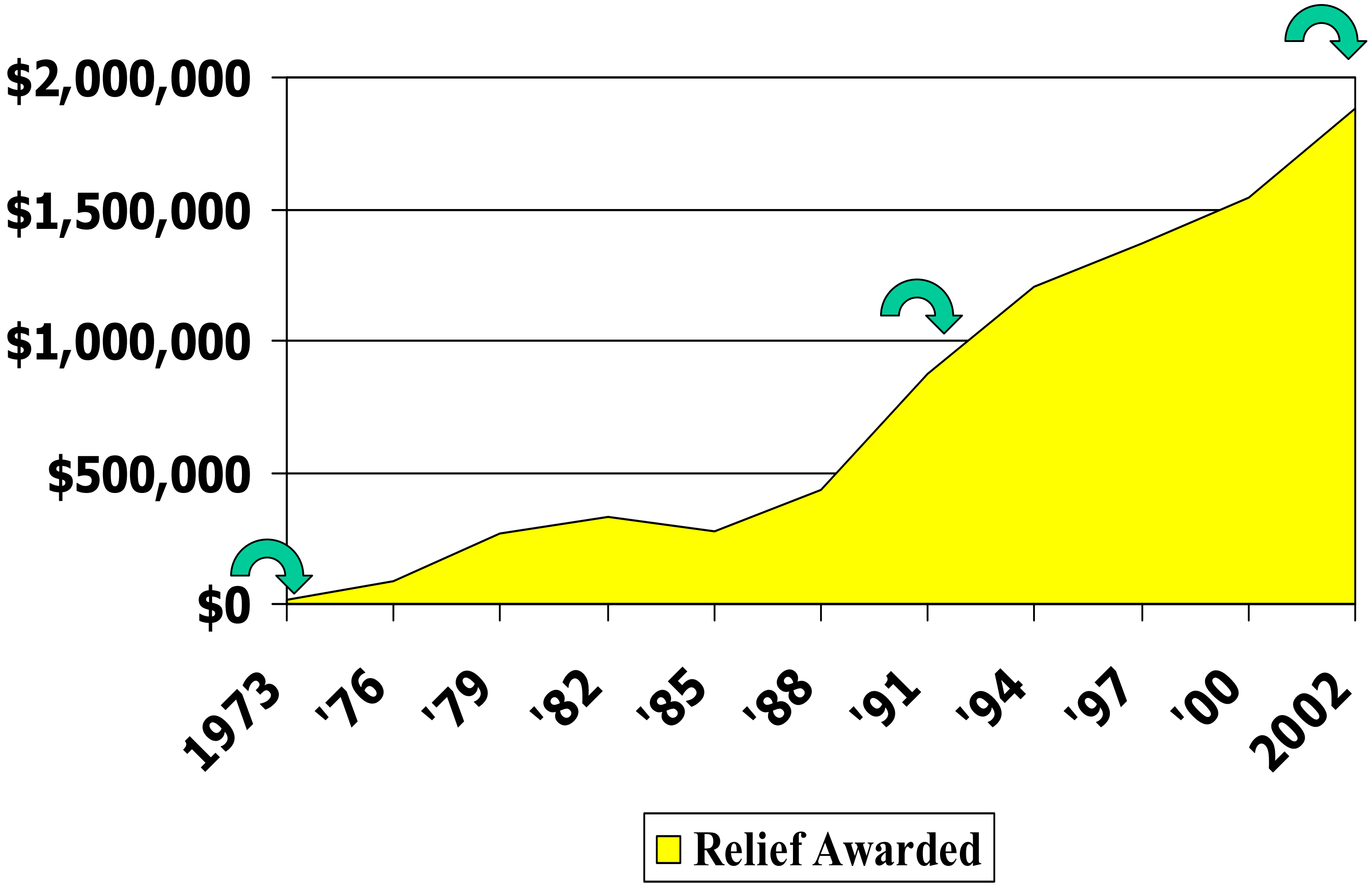
- Permanently and totally disabled.

Note: A dwelling jointly held by a husband & wife may qualify if either spouse meets one of the above conditions.

Number of Applicants – Tax Relief Advantage Program
1973-2002



Total Amount of Tax Advantage Awarded
1973-2002



Highlights

There are various financial considerations which must be taken into account in order to determine the amount of tax advantage which is awarded, including:

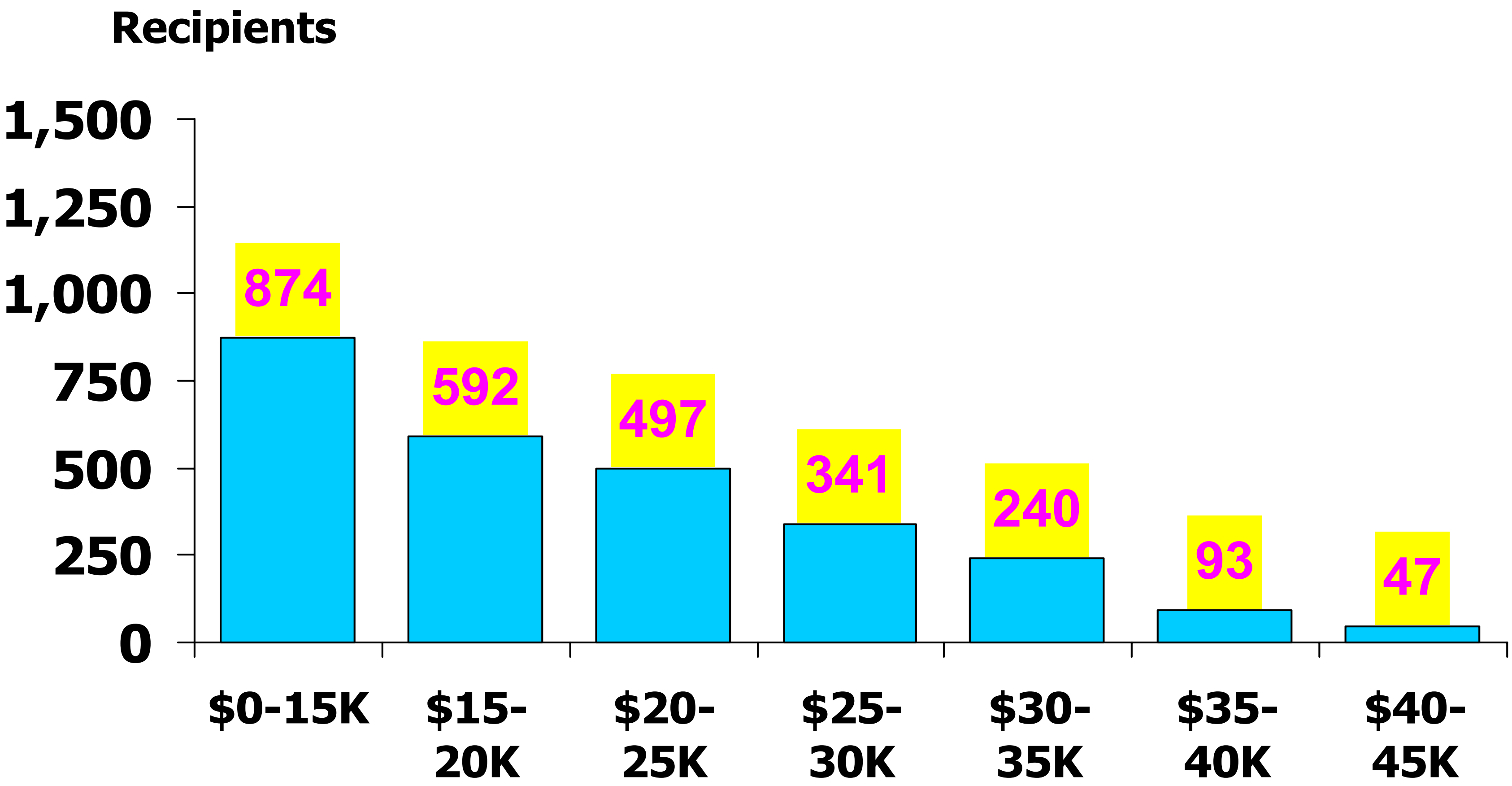
Income

The total combined income of the owner (as well as spouse or any relatives living in the dwelling) currently cannot exceed $45,000 during the previous calendar year.

Note: There is an $8,500 exclusion from each relative's income (the State maximum).

Profile of 2002 Tax Advantage Recipients

Income



Average Income of All Recipients: $20,013

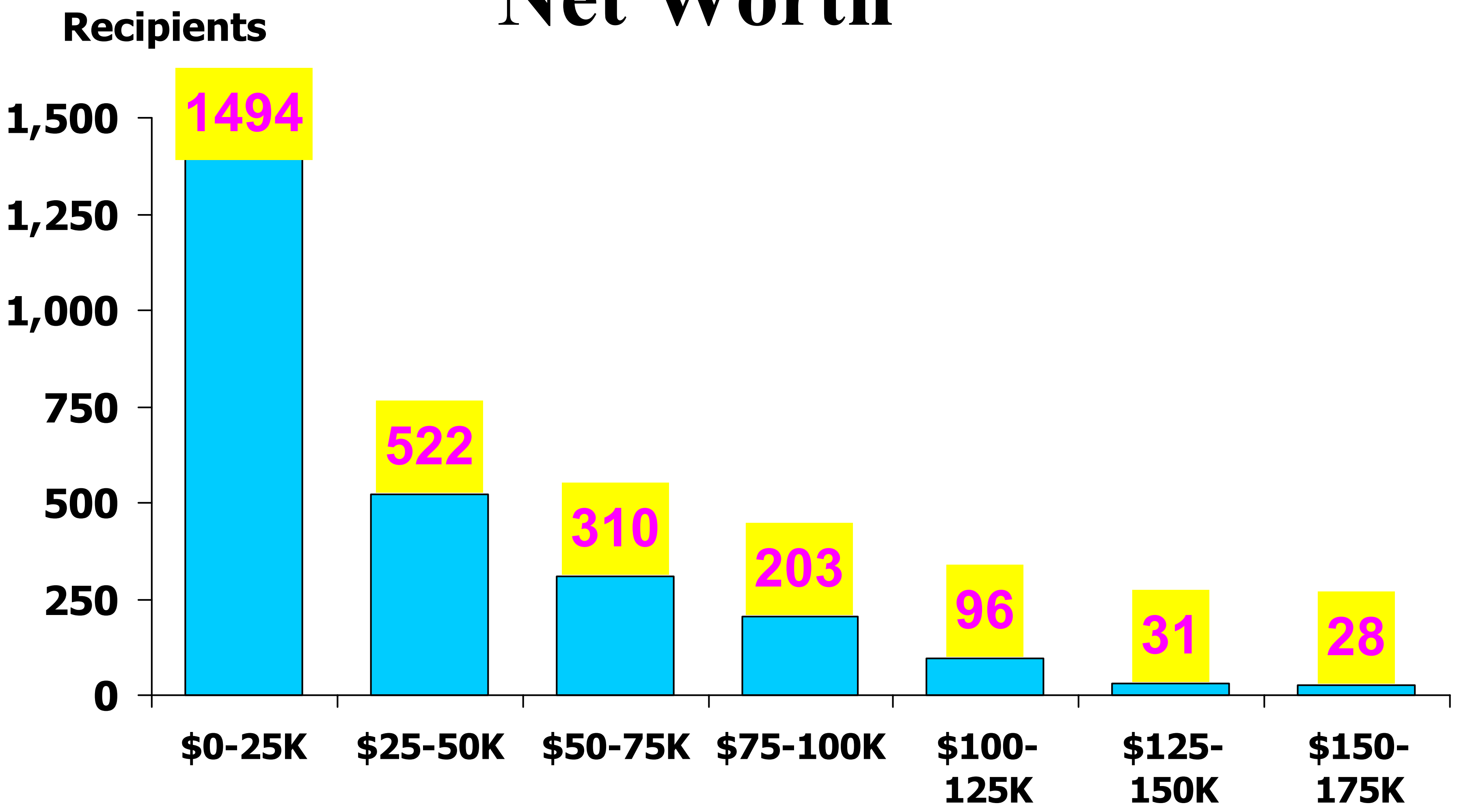
Net Worth

The maximum combined net worth of the owner(s)--and spouse(s) if applicable--currently cannot exceed $175,000 as of December 31 of the previous year.

Note:* *This excludes the value of the dwelling itself and up to one acre of land, in addition to the value of any home furnishings.

Profile of 2002 Tax Advantage Recipients

Net Worth



Average Net Worth of All Recipients: $32,857

Award

The maximum amount of tax advantage which may be awarded per year has been raised from **$1,000** for calendar year 2003 to **$1,500** for calendar year 2004.

Determination of Amount Awarded in Tax Advantage Program
2003

	Range of Net Worth						
Range of Income	$0- $25,000	$25,001- $50,000	$50,001- $75,000	$75,001- $100,000	$100,001 $125,000	$125,001- $150,000	$150,001- $175,000
$0- $ 15,000	**100%**	**100%**	**90%**	**80%**	**70%**	**60%**	**50%**
$15,001- $ 19,000	**100%**	**90%**	**80%**	**70%**	**60%**	**50%**	**40%**
$19,001- $ 24,000	**90%**	**80%**	**70%**	**60%**	**50%**	**40%**	**35%**
$24,001- $ 30,000	**80%**	**70%**	**60%**	**50%**	**40%**	**35%**	**30%**
$30,001- $ 35,000	**70%**	**60%**	**50%**	**40%**	**35%**	**30%**	**25%**
$35,001- $ 40,000	**60%**	**50%**	**40%**	**35%**	**30%**	**25%**	**20%**
$40,001- $ 45,000	**50%**	**40%**	**35%**	**30%**	**25%**	**20%**	**15%**

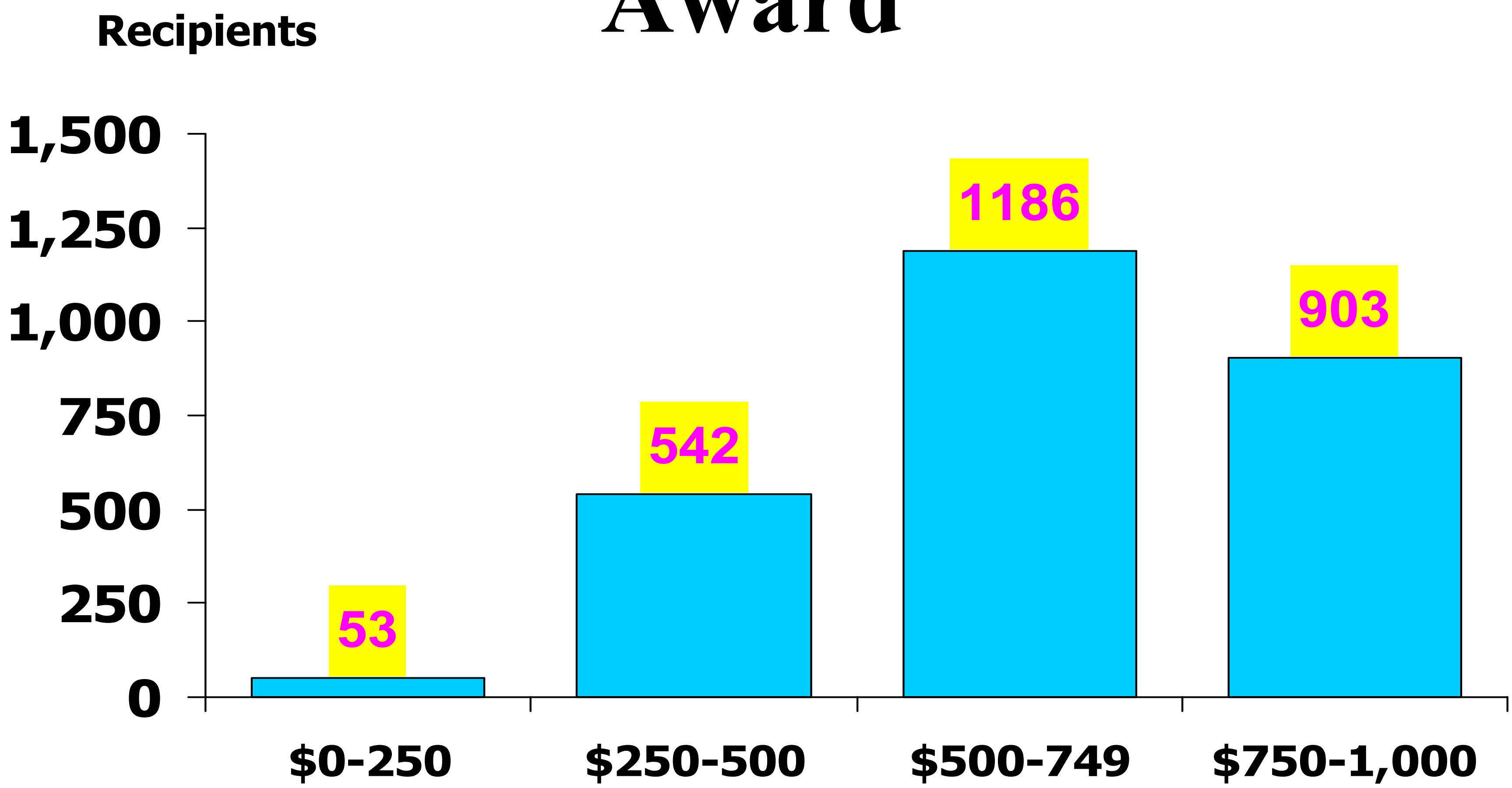
Determination of Amount Awarded in Tax Advantage Program

2004

	Range of Net Worth						
Range of Income	$0- $25,000	$25,001- $50,000	$50,001- $75,000	$75,001- $100,000	$100,001 $125,000	$125,001- $150,000	$150,001- $175,000
$0- $ 15,000							
$15,001- $ 19,000							
$19,001- $ 24,000			**Tax Exemption 100%**				
$24,001- $ 30,000							
$30,001- $ 35,000					**Tax Exemption 75%**		
$35,001- $ 40,000							
$40,001- $ 45,000						**Tax Exemption 50%**	

Profile of 2002 Tax Advantage Recipients

Award



Average Tax Relief of All Recipients: $665

Impact of 2004 Revisions to REAP

Income	Net Worth	Average Award 2002 Actual	Average Award 2004 Estimate
$0-$30,000	$0-$100,000	$704	$816
$30,000-$40,000	$100,000-$150,000	$506	$616
$40,000-$45,000	$150,000-$175,000	$386	$504

* This means the typical recipient will see the tax relief award increase **19%**, from average of **$665** to **$790** under these revisions.

Summary of Changes From 2003 to 2004

- Increase the exclusion from each relative's income from **$6,500** to the maximum allowed under the State Code of **$8,500**.
- Increase the maximum amount of tax relief that may be awarded each year from **$1,000** to **$1,500**.
- Simplify the matrix employed to determine the amount of tax relief, based on income and net worth, by reducing the number of brackets applied to calculate the award from twelve **(12)** to three **(3)**. Furthermore, in many cases the percentage of award will be more generous to our participants.

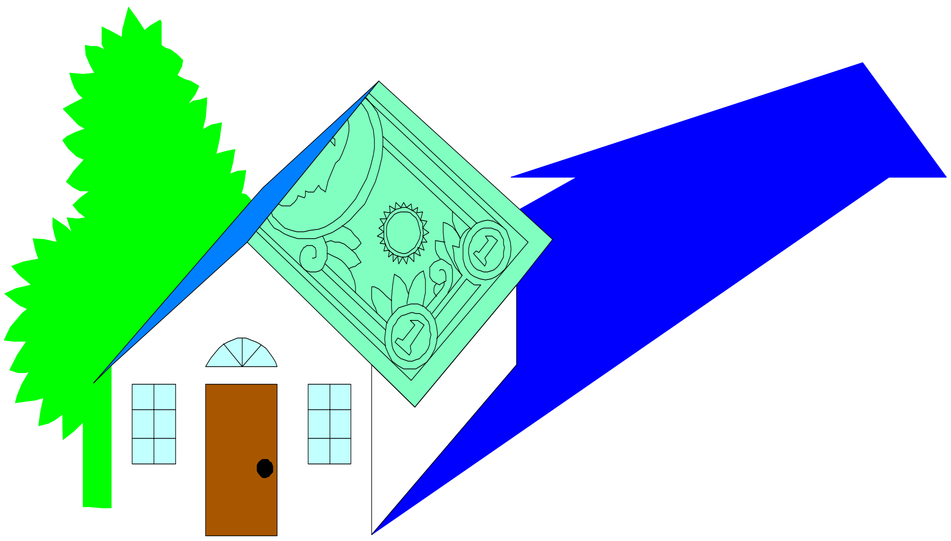
Estimated Cost to Expand REAP Effective January 1, 2004

➢ Increase exclusion of relatives' income from **$6,500** to **$8,500**	Minimal
➢ Increase amount of maximum award from **$1,000** to **$1,500**	$100,000
➢ Revise matrix used to calculate award to three (3) basic rates of **100%, 75%**, and **50%**	$300,000
Estimated Total	$400,000

If any citizens contact you about this program, feel free to refer them to the Revenue Division at

(804) 501-4263

This concludes our Presentation.



Thank you.