

DEPARTMENT OF TAXATION

2012 Fiscal Impact Statement

1. **Patron** Richard H. Stuart

3. **Committee** House Finance

4. **Title** Real Property Tax; Exemption for Disabled Veterans

2. **Bill Number** SB 22

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would clarify that the real property tax exemption for disabled veterans who are rated as having a 100 percent service-connected, permanent, and total disability after January 1, 2011 shall begin the date of such rating. However, no locality would be liable for any interest or penalties on any refund due to the veteran for taxes paid prior to the veteran's filing of the affidavit or written statement required to claim the exemption.

The effective date of this bill is not specified.

6. Budget amendment necessary: No.

7. Fiscal Impact Estimates are: Not available. (See Line 8.)

8. Fiscal implications:

This bill would have no impact on state revenues. To the extent that any locality that did not provide the real property exemption for disabled veterans beginning on the actual date of the rating would be required to do so, the bill would result in an unknown revenue impact to the locality.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Constitutional Amendment

Article XII of the *Constitution of Virginia* sets forth the process for constitutional amendments to take effect in Virginia. An amendment is proposed in the Senate or House of Delegates. The proposed amendment must be agreed upon by a majority of all

the members of both the House of Delegates and the Senate in two General Assembly sessions, with an intervening election, and then submitted to voters. If a majority of the voters vote in favor of the amendment, the amendment becomes part of the Constitution on the date prescribed by the General Assembly in submitting the amendment to the voters.

During the 2010 Virginia General Assembly Session, Senate Bill 31 and several companion resolutions were introduced to amend the Constitution to provide that the General Assembly by general law shall exempt from the real property tax the principal residence of any veteran who has been determined to have a 100% service-connected permanent and total disability. Senate Bill 31 provided that, upon receiving the required number of votes at the November 2010 election, the constitutional amendment would take effect on January 1, 2011. As the amendment required the General Assembly to provide the exemption by general law, legislation was required to be enacted in the 2011 General Assembly Session for the exemption to apply.

House Bill 1645 and Senate Bill 987

House Bill 1645 and Senate Bill 987 (*Acts of Assembly 2011*, Chapters 769 and 840) provided the necessary statutory authorization to exempt from taxation, for tax years beginning on or after January 1, 2011, real property that is the principal residence of a veteran (or widow or widower of a veteran) if the veteran has been determined by the United States Department of Veterans Affairs or its successor agency pursuant to federal law to have a 100 percent service-connected, permanent, and total disability. In addition, the land, not to exceed one acre, upon which the dwelling is situated, is also exempt from taxation. However, if the locality provides for an exemption or deferral of real property taxes of more than one acre for the elderly and handicapped, the locality must also provide an exemption of the same number of acres for veterans and surviving spouses. The surviving spouse of a veteran is eligible for the exemption, so long as the death of the veteran occurs on or after January 1, 2011, the surviving spouse does not remarry, and the surviving spouse continues to occupy the real property as his principal place of residence.

The veteran or surviving spouse claiming the exemption must file with the commissioner of the revenue in which the property is located, on forms to be supplied by the locality, an affidavit or written statement setting forth the name of the veteran and spouse, if any, whether the real property is jointly owned, and certifying that the property is occupied as the veteran's principal place of residence. The veteran must also provide documentation from the U.S. Department of Veterans Affairs or its successor agency pursuant to federal law to have a 100 percent combat-related, permanent, and total disability.

Proposal

This bill would clarify that the real property tax exemption for disabled veterans who are rated as having a 100 percent service-connected, permanent, and total disability after January 1, 2011 shall begin the date of such rating. However, no locality would be liable for any interest or penalties on any refund due to the veteran for taxes paid prior to the veteran's filing of the affidavit or written statement required to claim the exemption.

The effective date of this bill is not specified.

Similar Legislation

House Bill 190 would require the Commissioner of the Department of Veterans Services to promulgate rules and regulations governing the administration and implementation of the real property tax exemption for disabled veterans.

House Bill 922, Senate Bill 529, and Senate Bill 540 would provide that the real property tax exemption for disabled veterans also applies to real property i) held by a veteran alone or in conjunction with the veteran's spouse as tenant or tenants for life or joint lives; ii) held in a revocable inter vivos trust under which the veteran or the veteran and his spouse hold the power of revocation, and iii) held in an irrevocable trust under which the veteran alone or in conjunction with his spouse possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support.

House Bill 933 would provide that the real property tax exemption for disabled veterans for qualifying property acquired after January 1, 2011 shall begin on the date the property is acquired. The bill would also provide that any taxpayer whose property is acquired or taken by a disabled veteran shall be relieved from real property taxes from the date of divestment and may be entitled to a refund for a pro rata portion of real property taxes paid for such property acquired by a disabled veteran after January 1, 2011.

cc : Secretary of Finance

Date: 1/28/2012 AM
DLAS File Name: SB22FE161