

# DEPARTMENT OF TAXATION

## 2021 Fiscal Impact Statement

1. **Patron** Bryce E. Reeves

2. **Bill Number** SB 1130

3. **Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Personal Property Tax Exemption; Motor  
Vehicle of a Disabled Veteran

**Second House:**

           **In Committee**

           **Substitute**

      X       **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide that one motor vehicle, defined as only a passenger car or a pickup or panel truck that is registered for personal use, of a veteran of the Armed Forces of the United States or the Virginia National Guard, who has a 100 percent service-connected, permanent, and total disability would be exempt from local taxes. A motor vehicle owned by a married person could qualify if either spouse is a veteran who is rated as 100 percent disabled. The exemption would be applicable beginning on the date the motor vehicle is acquired or January 1, 2021, whichever is later, but not for any period of time prior to January 1, 2021. The exemption would expire on the date of the disabled veteran's death and would not be available for the surviving spouse. Such vehicle would continue to be eligible for correction of assessment on appeal to a local assessing official.

Under current law, one motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services, is declared a separate class of property for local taxation separate from other classifications of tangible personal property. It is not statutorily exempt from personal property tax.

This is the enabling legislation for a constitutional amendment ratified by Virginia voters at the November 2020 general election.

If enacted during the 2021 General Assembly, Special Session I, this bill would become effective July 1, 2021.

6. **Budget amendment necessary:** No

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

8. **Fiscal implications:**

#### Administrative Costs

This bill could result in unknown administrative costs to localities due to the new exemption. It would have no impact on state administrative costs.

## Revenue Impact

This bill could have an unknown negative revenue impact on localities due to the new exemption. It would have no impact on state revenues.

**9. Specific agency or political subdivisions affected:** All localities

**10. Technical amendment necessary:** No

**11. Other comments:**

## Current Law

Under current law, one motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services, is declared a separate class of property and constitutes a classification for local taxation separate from other classifications of tangible personal property. It is not statutorily exempt from personal property tax.

In order to qualify, the veteran must provide a written statement to the commissioner of revenue or other assessing officer from the Department of Veterans Services that the veteran has been so designated or classified by the Department of Veterans Services as to meet the requirements for the exemption, and that his disability is service-connected.

## Proposal

This bill would provide that one motor vehicle, defined as only a passenger car or a pickup or panel truck that is registered for personal use, of a veteran of the Armed Forces of the United States or the Virginia National Guard, who has a 100 percent service-connected, permanent, and total disability would be exempt from local taxes. A motor vehicle owned by a married person could qualify if either spouse is a veteran who is rated as 100 percent disabled. The exemption would be applicable beginning on the date the motor vehicle is acquired or January 1, 2021, whichever is later, but not for any period of time prior to January 1, 2021. The exemption would expire on the date of the disabled veteran's death and would not be available for the surviving spouse. Such vehicle would continue to be eligible for correction of assessment on appeal to a local assessing official.

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## Similar Legislation

**House Bill 1774** would expand the class of tangible personal property for rate purposes that encompasses motor vehicles, trailers, and semitrailers with a gross vehicle weight of 10,000 pounds or more used by a motor carrier engaged in interstate commerce on a for-hire basis to include such vehicles used to transport passengers.

cc : Secretary of Finance

Date: 2/25/2021 SK  
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