

**DEPARTMENT OF TAXATION  
2022 Fiscal Impact Statement**

1. **Patron** Kathy K.L. Tran
3. **Committee** Senate Finance and Appropriations
4. **Title** Classification of Real Property Owned by  
Certain Surviving Spouses for Tax Purposes

2. **Bill Number** HB 957  
**House of Origin:**  
           **Introduced**  
           **Substitute**  
           **Engrossed**
- Second House:**  
  X   **In Committee**  
           **Substitute**  
           **Enrolled**

**5. Summary/Purpose:**

This bill would provide that beginning with Taxable Year 2022, any locality may declare real property owned by a surviving spouse of a member of the armed forces of the United States who died in the line of duty with a line of duty determination from the U.S. Department of Defense, while performing official military activities, where such death was not the result of criminal conduct, to be a separate class of property for local taxation of real property. Such classification would continue for as long as the spouse occupies the real property as his principal place of residence and does not remarry. This class of property may be taxed at a different rate than that imposed on the general class of real property, provided that the rate of tax is greater than zero and does not exceed the rate of tax on the general class of real property.

Under current law, certain types of real estate are declared to be a separate class of property and constitute a classification for local taxation separate from the general class of real property.

If enacted during the regular session of the 2022 General Assembly this bill would become effective July 1, 2022, for taxable years beginning on and after January 1, 2022.

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 that choose to adopt the new class of property. This bill would have no impact on state administrative costs.

## Revenue Impact

This bill could result in an unknown revenue impact to localities that choose to adopt the new class of property. 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

The *Constitution of Virginia* and the *Virginia Code* establish that taxable real estate is segregated for and made subject to local taxation only. All real estate, except that exempted by law, is subject to annual taxation. Certain types of real estate, however, are declared to be a separate class of property and constitute a classification for local taxation separate from other classifications of real property. Such property may be taxed at a different rate than the general class of real property.

## Proposal

This bill would provide that for taxable years beginning on and after January 1, 2022, any locality may declare real property owned by a surviving spouse of a member of the armed forces of the United States who died in the line of duty with a line of duty determination from the U.S. Department of Defense, while performing official military activities, where such death was not the result of criminal conduct, to be a separate class of property for local taxation of real property. Such classification would continue for as long as the spouse occupies the real property as his principal place of residence and does not remarry. This class of property may be taxed at a different rate than that imposed on the general class of real property, provided that the rate of tax is greater than zero and does not exceed the rate of tax on the general class of real property.

If enacted during the regular session of the 2022 General Assembly this bill would become effective July 1, 2022, for taxable years beginning on and after January 1, 2022.

## Similar Legislation

**House Bill 1168** would provide that a person who is eligible for the real property tax exemption for certain disabled veterans and surviving spouses is entitled to a refund, retroactive to his date of eligibility, of taxes paid during the period of exemption, excluding interest or penalties.

cc : Secretary of Finance

Date: 2/16/2022 SK  
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