

DEPARTMENT OF TAXATION

2019 Fiscal Impact Statement

1. **Patron** Richard H. Stuart

3. **Committee** Senate Finance

4. **Title** Real Property Tax; Exemption for Certain
Surviving Spouses

2. **Bill Number** SB 1270

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

As authorized by an amendment to subdivision (a) of Section 6-A of Article X of the Constitution of Virginia that was adopted by the voters on November 6, 2018, this bill would allow surviving spouses of disabled veterans to continue to qualify for a real property tax exemption regardless of whether the surviving spouse moves to a different residence. If a surviving spouse was eligible for the exemption but lost such eligibility due to a change in residence, then the surviving spouse would be eligible for the exemption again, beginning January 1, 2019.

This bill would also clarify that the real property tax exemptions for spouses of service members killed in action and spouses of certain emergency service providers killed in the line of duty continue to apply regardless of the spouse's moving to a new principal residence.

This bill would take effect for taxable years beginning on or after January 1, 2019.

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. It would have no impact on state administrative costs.

Revenue Impact

The bill would result in an unknown revenue loss to localities. 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:

Real Property Taxation

The Constitution of Virginia mandates that all property shall be taxed unless specifically exempted. Constitution of Virginia, Article X, Section 1.

Exemption for Surviving Spouses of Disabled Veterans

Article X, § 6-A of the Constitution exempts from real property taxation the principal residence of a disabled veteran or the widow or widower of such a veteran. The exemption applies to tax years beginning on or after January 1, 2011, and requires that 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.

The surviving spouse of a veteran is eligible for the exemption so long as the death of the veteran occurred on or after January 1, 2011, the surviving spouse does not remarry, and the surviving spouse continues to occupy the real property as their principal residence.

Constitutional Amendment

Legislation enacted in the 2017 General Assembly Session, House Joint Resolution 562 (Acts of Assembly 2017, Chapter 770) proposed a Constitutional Amendment to Section 6-A of Article X of the Constitution of Virginia to allow surviving spouses of disabled veterans to retain the exemption from real property taxes regardless of the fact that they have moved to a new principal residence.

House Joint Resolution 6 (Acts of Assembly 2018, Chapter 812) enacted by the 2018 General Assembly, provided the second enactment of the proposed amendment, allowing it to be submitted to voters on the ballot for the 2018 general election.

The amendment was adopted by the voters on November 6, 2018.

Proposal

As authorized by an amendment to subdivision (a) of Section 6-A of Article X of the Constitution of Virginia that was adopted by the voters on November 6, 2018, this bill would allow surviving spouses of disabled veterans to continue to qualify for a real property tax exemption regardless of whether the surviving spouse moves to a different residence. If a surviving spouse was eligible for the exemption but lost such eligibility due to a change in residence, then the surviving spouse would be eligible for the exemption again, beginning January 1, 2019.

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line of duty continue to apply regardless of the spouse's moving to a new principal residence.

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Similar Legislation

House Bill 1655 would allow surviving spouses of disabled veterans to continue to qualify for the real property exemption for such surviving spouses of disabled veterans regardless of whether the surviving spouse moves to a different residence.

House Bill 2150 and **Senate Bill 1196** clarify the definition of "dwelling" for purposes of the real property tax exemption for owners who are 65 years of age or older or permanently and totally disabled, to include improvements to the exempt land that are not used for a business purpose and are used to house certain motor vehicles or household goods.

Senate Bill 1937 provides that, if a locality has established a real estate tax exemption for the elderly and handicapped and enacted an income limitation related to the exemption, the locality may exclude, for purposes of the limitation, any income received by a family member or nonrelative who lives in the dwelling and who is permanently and totally disabled.

cc : Secretary of Finance

Date: 1/13/2019 SK
DLAS File Name: SB1270F161