

DEPARTMENT OF TAXATION

2023 Fiscal Impact Statement

1. **Patron** Don L. Scott

3. **Committee** Senate Finance and Appropriations

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

2. **Bill Number** HB 2414
House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that, for purposes of the real property tax exemption for disabled veterans, the veteran or surviving spouse may claim the exemption prior to purchasing the qualifying dwelling by filing any required documentation, including valid documentation of the purchase agreement for the qualifying dwelling. The commissioner of the revenue of the county, city, or town, or such other officer as may be designated by the governing body in which the real property is located, must, within 20 business days following receipt of such documentation, process the application and send the veteran a letter stating whether the application is approved or denied. If the application is approved, the letter must also include the amount of the tax exemption for the qualifying property the veteran intends to purchase. However, the exemption described in such a letter will become effective only after the veteran becomes the owner of the property.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

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 procedures and deadline. It would have no impact on state administrative costs.

Revenue Impact

This bill could have an unknown impact on local revenues. This bill would have no impact on state revenues.

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

All localities

10. **Technical amendment necessary:** No

11. Other comments:

Exemption for Surviving Spouses of Disabled Veterans

Article X, § 6-A of the *Virginia Constitution* and the *Virginia Code* exempt 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, and the surviving spouse does not remarry. An amendment to Article X, § 6-A was adopted by the voters in 2018 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.

Proposal

This bill would provide that, for purposes of the real property tax exemption for disabled veterans, the veteran or surviving spouse may claim the exemption prior to purchasing the qualifying dwelling by filing any required documentation, including valid documentation of the purchase agreement for the qualifying dwelling. The commissioner of the revenue of the county, city, or town, or such other officer as may be designated by the governing body in which the real property is located, must, within 20 business days following receipt of such documentation, process the application and send the veteran a letter stating whether the application is approved or denied. If the application is approved, the letter must also include the amount of the tax exemption for the qualifying property the veteran intends to purchase. However, the exemption described in such a letter will become effective only after the veteran becomes the owner of the property.

If enacted during the regular session of the 2023 General Assembly, this bill would become effective July 1, 2023.

Similar Legislation

House Bill 1470 would provide that a person who is eligible for the real property tax exemptions for certain disabled veterans and their surviving spouses and the surviving spouses of members of the armed forces killed in action is entitled to a refund, retroactive to the date of eligibility, of taxes paid during the period of exemption, excluding interest or penalties.

cc : Secretary of Finance

Date: 2/9/2023 SK
HB2414FE161