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Position Paper 2023-02

Virginia Disabled Veterans Real Property Tax Exemption
Effective Date

OBJECTIVE:

To amend the Virginia Disabled Veteran Real Property Tax Exemption to end the arbitrary, capricious, and disparate treatment of Virginia's most disabled veterans.

BACKGROUND:

The Real Property Tax Exemption, contained in Title 58.1, Chapter 32, Articles 2.3 of the Code of Virginia, exempts from the real property tax the principal place of residence owned either individually or jointly, of those Virginians who, in the line of duty, while serving in the Armed Forces of the United States, were injured to the extent that they were rated by the United States Department of Veterans Affairs (VA) as having a 100%, service-connected, permanent, and total disability.

Local jurisdictions, not the State, administer the Real Property Tax Exemption. These jurisdictions administer it disparately throughout Virginia. Consequently, similarly situated disabled veterans are treated differently based on where they live. Specifically, three sources of guidance present three divergent theories of retroactivity.

A 2017 Virginia Attorney General Opinion found a jurisdiction is required to provide a veteran the exemption as far back as the veteran is eligible, but not earlier than January 1, 2011, regardless of when the veteran applies.

DISCUSSION:

- a. There are 8.7 million Virginia residents. Of these, more than 690,000 are veterans. Of these, the estimate is 19,000 receive the real property tax exemption. This is the cohort that is adversely impacted. Approximately only 1% of the American population served in our Armed Forces
- b. In the 2022 legislative session, HB 1168 was introduced to amend the real property tax exemption to confirm that the 2017 AG Opinion is the true

statement of the law. It passed unanimously in the House of Delegates. The Senate Committee on Finance and Appropriations continued it to the 2023 legislative session.

RECOMMENDATION: Amend the Veteran Real Property Tax law to make explicit that local jurisdictions must provide a veteran or surviving spouse the exemption as far back as the veteran or surviving spouse is eligible, but not earlier than January 1, 2011, regardless of when the veteran or surviving spouse applies.