

# DEPARTMENT OF TAXATION

## 2022 Fiscal Impact Statement

1. **Patron** Vivian E. Watts

3. **Committee** House Finance

4. **Title** Real Property Tax; Exemption for Disabled Veterans and Surviving Spouses

2. **Bill Number** HB 1168

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill 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. Under the bill, the refund would be exempt from the statute of limitations for applications for correction of an assessment.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 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 as a result of the new refund procedures. This bill would have no impact on state administrative costs.

Revenue Impact

This bill could result in an unknown negative revenue impact to localities. This bill would have no impact on state revenue.

**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.

### Exemption for Surviving Spouses of Members of the Armed Forces Killed in Action

Article X, Section 6-A of the *Virginia Constitution* and the *Virginia Code* exempt, for years beginning on or after January 1, 2015, from taxation the real property of the surviving spouse (i) of any member of the armed forces of the United States who was killed in action as determined by the U.S. Department of Defense and (ii) who occupies the real property as his principal place of residence. The determination of "killed in action" includes a determination by the U.S. Department of Defense of "died of wounds received in action." If such member of the armed forces of the United States is killed in action after January 1, 2015, and the surviving spouse has a qualified principal residence on the date that such member of the armed forces is killed in action, then the exemption for the surviving spouse begins on the date that such member of the armed forces is killed in action.

The surviving spouse of a member of the armed forces killed in action qualifies for the exemption so long as the surviving spouse does not remarry.

### Proposal

This bill 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. Under the bill, the refund would be exempt from the statute of limitations for applications for correction of an assessment.

If enacted during the regular session of the 2022 General Assembly, this bill would become effective July 1, 2022.

### Similar Legislation

**House Bill 957** 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, 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.

**Senate Bill 360** would require the Commonwealth to subsidize local real estate tax relief for disabled veterans and surviving spouses of members of the United States Armed Forces killed in action when more than one percent of a locality's real estate tax base is lost due to such state-mandated tax relief programs, as certified by the Auditor of Public Accounts. The Commonwealth would subsidize only that portion of tax-exempt real estate that exceeds the one percent threshold.

cc : Secretary of Finance

Date: 1/22/2022 SK  
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