

**ARLINGTON COUNTY CIVIC FEDERATION
RESOLUTION ON MOTOR VEHICLE PERSONAL PROPERTY TAX RELIEF
FOR DISABLED VETERANS**

PROCEDURAL HISTORY:

At the Arlington County Civic Federation membership meeting on March 5, 2019, Delegates will consider and vote on the Legislation Committee's resolution calling on the County Board to authorize a reduction in motor vehicle personal property tax for disabled veterans and recommending that the County Board provide the same tax reduction as Fairfax and Loudon Counties. John O'Hara, Legislation Committee member, introduced the resolution at the Civic Federation meeting on February 5, 2019. Mr. O'Hara answered questions about the resolution and conferred with those who recommended revisions in the resolution, including clarifying that the disability must be "service-connected." The proposed resolution below includes those revisions.

President Duke Banks referred the resolution to the Legislation and Revenues and Expenditures (R&E) Committees for review.

BACKGROUND:

The U.S. Department of Veterans Affairs provides a disability compensation benefit to veterans who are disabled because of injuries or diseases that were incurred in or aggravated during military service. A veteran's disability compensation rating is graduated according to degree of the veteran's disability on a scale from 0 percent to 100 percent (in increments of 10 percent). Compensation may also be paid for disabilities considered secondary to disabilities occurring in military service and for disabilities presumed to be related to circumstances of military service. It is estimated that 2,900 out of 13,000 Arlington County veterans receive some level of disability compensation.

At least 11 jurisdictions in the Commonwealth of Virginia provide a motor vehicle personal property tax relief for disabled veterans. A tax relief is achieved through changes to local codes in conformance with Virginia Code § 58.1-3000, which pertains to personal property subject to local taxation and in accordance with Virginia Code § 58.1-3506 (A)(19), which defines a separate classification for local taxation on a motor vehicle owned by a veteran. Tidewater area jurisdictions have reduced motor vehicle personal property tax rates for disabled veterans and Jefferson County provides a full personal property tax exemption while Fairfax County, City of Fairfax, and Loudoun County have a motor vehicle tax rate of \$.01 per \$100 assessed vehicle value for qualifying disabled veterans. To qualify for a motor vehicle personal property tax relief, a veteran must be rated by the U.S. Department of Veterans Affairs as having a 100 percent service-connected, permanent, and total disability rating.

Arlington County Office of the Commissioner of Revenue indicated there would be no adverse amount of workload with Arlington County approval of motor vehicle personal property tax relief measure and estimated the average vehicle tax relief would be almost \$400 per disabled veteran plus there would be operational costs for computer system programming requirements. Arlington County Code § 27-11.1, which pertains to personal property tax on motor vehicles, would probably need to be amended. Based on veteran

population projections and the number of disabled veterans approved for motor vehicle personal property tax relief in Fairfax and Loudoun Counties, it is estimated about 125 disabled veterans in Arlington County would qualify for the proposed motor vehicle personal property tax relief. The estimated annual cost or reduced revenue to Arlington County for providing motor vehicle personal property tax relief to 125 qualifying disabled veterans would be approximately \$50,000.

After the Legislation Committee drafted the proposed resolution, House Joint Resolution No. 676 was introduced in the General Assembly. The joint resolution, a constitutional amendment that the House of Delegates passed, would authorize counties, cities and towns to exempt veterans with 100 percent service-connected, permanent, and total disability rating from paying motor vehicle personal property tax. The Virginia Senate revised Joint Resolution No. 676, which the House rejected 97-0. The debate between the wording of House and Senate versions continues.

THE RESOLUTION:

**APPROVED by MEMBERSHIP VOTE 8 JAN 2019:
27 'AYES', 1 'NAY', 3 ABSTENTIONS**

**ARLINGTON COUNTY CIVIC FEDERATION
RESOLUTION ON MOTOR VEHICLE PERSONAL PROPERTY TAX RELIEF
FOR DISABLED VETERANS**

WHEREAS, Arlington County has a long history of supporting our Nation's military; ¹

WHEREAS, it is estimated 2,900 of 13,000 veterans living in Arlington County have some level of disability due to injuries or diseases incurred in or aggravated during military service, secondary conditions to service-connected disabilities, and disabilities presumed to be related to circumstances of military service; ^{2 3 4 5 6}

WHEREAS, at least 11 jurisdictions in the Commonwealth of Virginia, including Fairfax and Loudoun Counties, provide motor vehicle personal property tax relief for one motor vehicle owned by veterans who have a 100 percent service-connected, permanent, and total disability rating as determined by the U.S. Department of Veterans Affairs; ⁷

¹ Arlington County Military and Veterans Affairs Committee, accessed January 7, 2019, <https://commissions.arlingtonva.us/military-veterans-affairs-committee/>

² "FY2017 Disability Compensation and Pension Veteran Population," U.S. Department of Veterans Affairs, 2,871 disabled veterans in Arlington County, refer to MS Excel file: Comp_n_Pen_by_Cnty_2017.elsx, accessed January 7, 2019, https://www.va.gov/vetdata/veteran_population.asp

³ "Quick Facts - Arlington County," U.S. Census Bureau, veteran population of 12,797 as of July 2018, accessed January 7, 2019, <https://www.census.gov/quickfacts/arlingtoncountyvirginia>

⁴ "Veteran Population by County," U.S. Department of Veterans Affairs, estimate of 13,339 veterans in Arlington County as of September 30, 2018, refer to MS Excel file: 9L_VetPop2016_County.xlsx, accessed January 7, 2019, https://www.va.gov/vetdata/veteran_population.asp

⁵ "Disability Compensation Benefit," U.S. Department of Veterans Affairs, accessed January 7, 2019, <https://www.benefits.va.gov/compensation/index.asp>

⁶ "Presumptive Disability Benefits," U.S. Department of Veterans Affairs, accessed January 7, 2019, <https://benefits.va.gov/BENEFITS/factsheets/serviceconnected/presumption.pdf>

⁷ Virginia jurisdictions with personal property tax relief for disabled veterans, accessed January 7, 2019: Fairfax City, <https://www.fairfaxva.gov/government/commissioner-of-the-revenue/personal-property-motor-vehicle-license-tax-individual-business>
Fairfax County, <https://www.fairfaxcounty.gov/taxes/relief/vehicle-disabled-veterans>
James City County, <https://www.jamescitycountyva.gov/457/Disabled-Veteran-Exemptions>
Loudoun County, <https://www.loudoun.gov/taxrelief-veteran>

WHEREAS, based on the number of disabled veterans who receive motor vehicle **personal property** tax relief in Fairfax and Loudoun Counties, it is estimated about 125 disabled veterans in Arlington County would qualify for motor vehicle **personal property** tax relief;^{8 9 10 11}

WHEREAS, the Arlington County Commissioner of Revenue Office indicated that, although some computer system programming would be necessary, there would be no adverse amount of workload if the County Board approved motor vehicle **personal property** tax relief for disabled veterans in Arlington County;¹²

WHEREAS, it is estimated that it would cost Arlington County approximately \$50,000 annually in lost revenue to provide motor vehicle **personal property** tax relief to 125 qualifying disabled veterans based on average motor vehicle tax relief of about \$400;^{13 14} and

WHEREAS, providing motor vehicle **personal property** tax relief to disabled veterans in Arlington County would require that the County Board amend local codes in accordance with Virginia Code § 58.1 -3506 (A) (19), which allows a separate classification for local taxation on motor vehicles owned by disabled veterans;¹⁵

Hampton, <https://www.hampton.gov/573/Tax-Rates>

Suffolk City, <https://www.suffolkva.us/185/Disabled-Veteran-Personal-Property-Tax-R>

Virginia Beach, <https://www.vbgov.com/government/departments/commissioner-of-the-revenue/personal-property/Pages/disabled-veterans-personal-property-tax-relief.aspx>

City of Chesapeake, <http://www.cityofchesapeake.net/government/city-departments/departments/comm-rev/local-tax-rates.htm>

City of Norfolk, <https://www.norfolk.gov/index.aspx?NID=3577>

Hanover County, <https://www.hanovercounty.gov/401/Personal-Property-Tax>

City of Newport News, <https://www.nnva.gov/541/Handicapped-Disabled-Veteran-Motor-Vehic>

⁸ “FY2017 Disability Compensation and Pension Veteran Population by County,” U.S. Department of Veterans Affairs, estimate of 22,132 disabled veterans in Fairfax County and 5,035 disabled veterans in Loudoun County, refer to MS Excel file Comp_n_Pen_by_Cnty_2017.elsx, accessed January 7, 2019, https://www.va.gov/vetdata/veteran_population.asp

⁹ Data provided by Heike Burke, Personal Property and Business License Division, Department of Tax Administration, Fairfax County (VA), email to John O’Hara, July 2, 2018. As of May 2018, Fairfax County processed 552 qualified applicants for the reduced vehicle tax rate for disabled veterans, which is 2.49 percent of estimated 22,132 disabled veterans in Fairfax County.

¹⁰ Data provided by Darya Thompson, Deputy Commissioner, Office of the Commissioner of the Revenue, Loudoun County (VA), email to John O’Hara, June 8, 2018. As of June 8, 2018, Loudoun County had 313 veterans with 100 percent service-connected permanent and total disability rating receiving reduced vehicle tax rate, which is 6.22 percent of estimated 5,036 disabled veterans in Loudoun County.

¹¹ Projection of 125 disabled veterans in Arlington County eligible for a motor vehicle personal property tax relief was extrapolated from number of disabled veterans approved for tax relief in Fairfax and Loudoun Counties compared to estimated 22,132 Fairfax County veterans and 5,036 Loudoun County veterans receiving disability compensation benefit, which implied a 4.35 percent average qualifying rate that was applied to estimated 2,871 Arlington County veterans in receipt of disability compensation.

¹² Information provided by Ray Miller, Deputy Commissioner, Vehicle Personal Property Division, Arlington County Commissioner of the Revenue Office, email to John O’Hara, December 19, 2018

¹³ Data provided by Liza Gookin Hodskins, Aide to Erik Gutshall, Arlington County Board Member, with input from the Arlington County Commissioner of Revenue Office, email to John O’Hara, July 2, 2018. Cost estimate of \$100,000 based on inaccurate estimate of 254 disabled veterans, which yielded an average cost of \$394 per disabled veteran. For resolution briefings and discussions, average tax relief cost of \$400 used.

¹⁴ Cost estimate of \$50,000 based on 125 veterans multiplied by average tax relief of \$400 per veteran.

¹⁵ Commonwealth of Virginia Code § 58.1 -3506 (A)(19), accessed January 7, 2019, <https://law.lis.virginia.gov/vacode/title58.1/chapter35/section58.1-3506/>

NOW, THEREFORE, BE IT RESOLVED that the Arlington County Civic Federation recommends the Arlington County Board approve motor vehicle **personal property** tax relief on one motor vehicle owned by Arlington veterans who have a 100 percent **service-connected**, permanent, and total disability rating as determined by the U.S. Department of Veterans Affairs by amending Arlington County Code §27-11-1; ¹⁶ and

BE IT FURTHER RESOLVED, that the Arlington County Civic Federation recommends the Arlington County Board adopt a reduced motor vehicle **personal property** tax rate of \$.01 per \$100 assessed vehicle value on one motor vehicle owned by a disabled veteran with a 100 percent **service-connected**, permanent, and total disability rating, which is like the motor vehicle **personal property** tax rate Fairfax and Loudoun Counties have approved for disabled veterans. ^{17 18}

Vote on resolution: Sarah Shortall moved that the Legislative Committee’s Resolution on Motor Vehicle Tax Relief for Disabled Veterans resolution be approved as amended. Lois Koontz seconded this motion, and it was approved by a vote of 27 ayes, 3 nay, and 1 abstention.

Vote on Resolution: Sarah Shortall moved that the Legislative Committee’s Resolution on Motor Vehicle Tax Relief for Disabled Veterans resolution be approved as amended. Lois Koontz seconded this motion, and it was approved by a vote of 27 ayes, 3 nay, and 1 abstention.

¹⁶ “Personal Property Tax on Motor Vehicles, Trailers and Boats,” Arlington County Code § 27-11.1, accessed January 8, 2019, <https://arlingtonva.s3.amazonaws.com/wp-content/uploads/sites/22/2014/01/County-Code-27-Miscellaneous-Ordinances.pdf>

¹⁷ “Reduced Vehicle Tax Rate for Qualifying Disabled Veterans,” Fairfax County, accessed January 9, 2019, <https://www.fairfaxcounty.gov/taxes/relief/vehicle-disabled-veterans>

¹⁸ “Personal Property Alternative Tax Rate: Disabled Veterans,” Loudoun County, accessed January 9, 2019, <https://www.loudoun.gov/1612/Tax-Relief-for-Disabled-Veterans>