



# Car Tax Relief for Disabled Veterans

Board of Supervisors Budget Committee Meeting

April 6, 2021

# Current Car Tax Relief for Disabled Veterans

- Va. Code § 58.1-3506(A)(19) designates motor vehicles owned and regularly used by qualified disabled veterans to be classified as its own class, i.e., localities may tax motor vehicles owned by qualified disabled veterans at a different rate than other motor vehicles
- Fairfax County has consistently adopted a tax rate of \$0.01 per \$100 in assessed value on one qualifying motor vehicle owned by a qualifying veteran as part of the annual budget tax resolution
- By statute, only one vehicle may be taxed at the lower rate for each qualifying disabled veteran
  - Applicants are required to provide official documentation from the U.S. Department of Veterans Affairs that verifies the disabled veteran has been rated by such agency to have a "100% service-connected, permanent, and total disability or has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind."
  - The definition for "motor vehicles" under § 58.1-3506(A)(19) includes a broad range of vehicle types, including motorcycles and RVs

# 2021 General Assembly Actions

- Following a constitutional amendment that was approved by voters in November 2020, the Virginia legislature passed a bill (SB1130) to mandate a full tax exemption of motor vehicles owned by disabled veterans under a new Va. Code § 58.1-3668
- The new state tax exemption uses a more limited qualification standard than the one used by Fairfax County under Va. Code § 58.1-3506(A)(19):
  - It includes only veterans with 100% service-connected, permanent, and total disability
  - It limits the definition of qualifying vehicles to single passenger cars and trucks, thus excluding motorcycles and RVs from the exemption
- The state exemption is retroactive to January 1, 2021
- The new legislation does not repeal or replace the enabling statute that allows for a reduced local rate

# Recommendation

- Updated language for the County's FY 2022 Budget Tax Resolution was included to alter the historical language to assert that only qualified disabled veterans not receiving the state tax exemption shall be eligible for the County's reduced tax rate
- This will allow qualifying disabled veterans who own vehicles excluded by the state exemption and those veterans with disabilities that currently qualify as disabled under the existing definition in Va. Code § 58.1-3506(A)(19) to obtain the local tax rate reduction
- This will also ensure that only one motor vehicle of a disabled veteran receives the car tax relief – either under the state's exemption or under the County's reduced tax rate of \$0.01 per \$100 of assessed value