



Response to Questions on the FY 2010 County's Line of Business & Schools Program Review Processes Fall 2008

Request By: Supervisor McKay

Question: Please explain the feasibility of the County implementing vehicle tax exemptions for 100 percent disabled veterans? How would this tax exemption affect County revenue?

Response: The Board of Supervisors lacks state enabling authority to adopt a vehicle tax exemption for disabled veterans; however, the Board could adopt a separate and lower tax rate for one vehicle per disabled veteran as defined in Va. Code, Section 58.1-3506(A)(19). The Board has done so in the past for property such as boats, antique vehicles, etc. (see tax rate subclasses at http://www.fairfaxcounty.gov/dta/pp_special_subclass.htm). This separate classification would affect personal property taxes only, not real estate taxes. There is no special legislation permitting disparate taxation of real estate.

Staff does not have any data on the number of registered vehicle owners who are also disabled veterans; however, inasmuch as the special tax rate could only apply to a maximum of one vehicle per applicant, the revenue impact is not expected to be significant. Moreover, the County already has a special one cent tax rate for one vehicle owned by persons with permanent and total disabilities. Similarly, vehicles that have been modified for the purpose of transporting persons with disabilities (such as the installation of special hand controls or wheel chair lifts) can also already qualify for a one cent tax rate. To the extent these existing tax rate classifications may already cover some of the same disabled veterans, this would further minimize any additional revenue impact.

This sort of change can be done prospectively only. The next opportunity to adopt a new disabled veteran classification would be for tax year 2009, when the Board deliberates on the FY 2010 budget. Generally, the County does not mail a tax bill with such a low rate (since we do not bill for less than \$5 in tax).