Disabled Veterans Real Estate Tax Exemption Program

LOCAL IMPACTS



Presented by **Mary Bunting**, *City Manager of Hampton*
***Randy Wheeler**, City Manager of Poquoson*
Hampton Roads Chief Administrative Officer Committee

September 16, 2026

Disabled Veteran's Tax Exemption

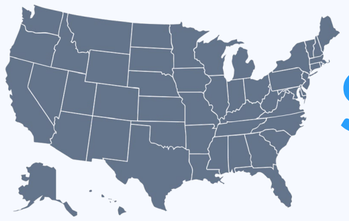
Virginia Law

2009 - 2010 - General Assembly approved constitutional amendments requiring real estate tax exemptions for veterans who occupy a property as a place of residence and are assigned a 100% service-connected, permanent, and total disability rating from the U.S. Department of Veterans Affairs. 2009 (HJ 648/SJ 275) and 2010 (HJ 33/SJ 13)

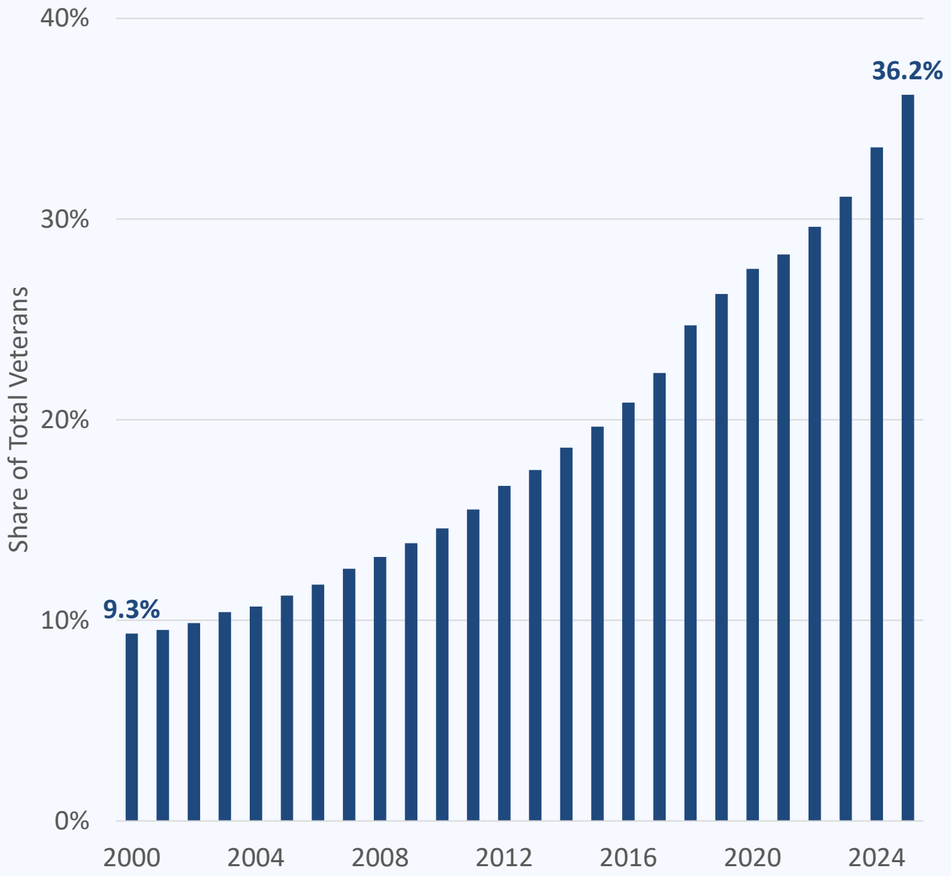
2010 - Virginians approved the proposed constitutional amendment as a ballot question.

2011 - The amendment was codified into law during the General Assembly session and became effective January 1, 2011. (HB 1645/SB 987)

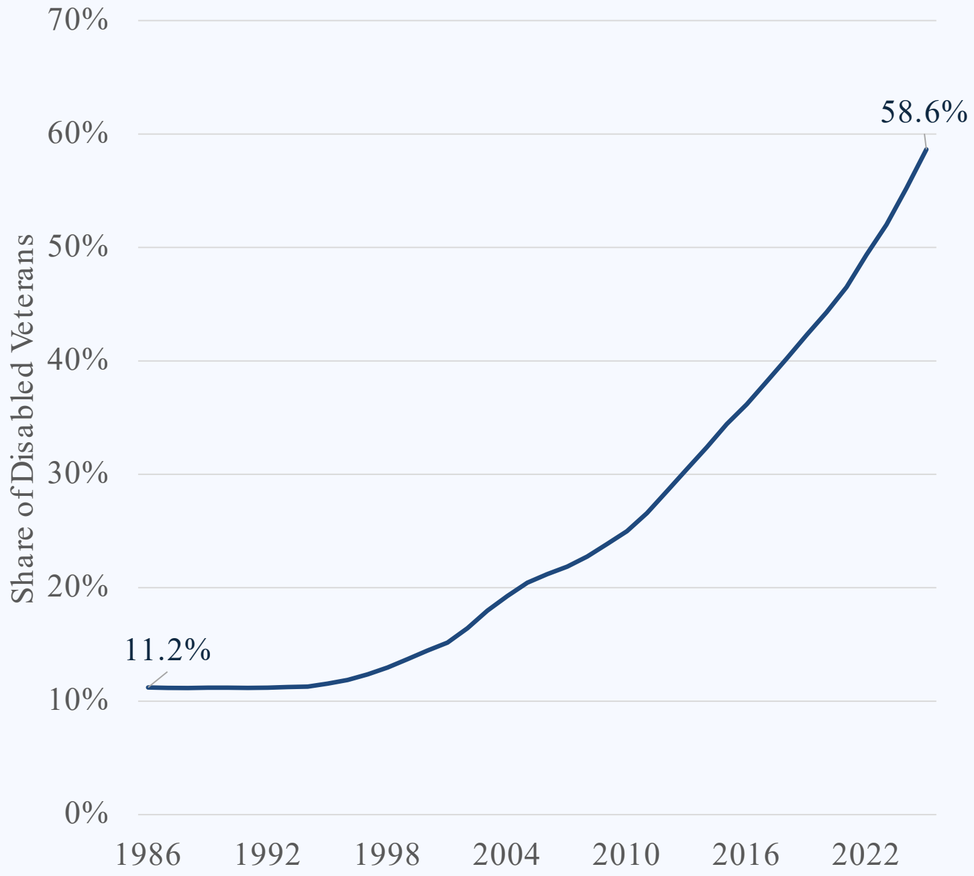
2015 – Amendment adds surviving spouses of service members killed in action.



Service-Connected Disability Trends



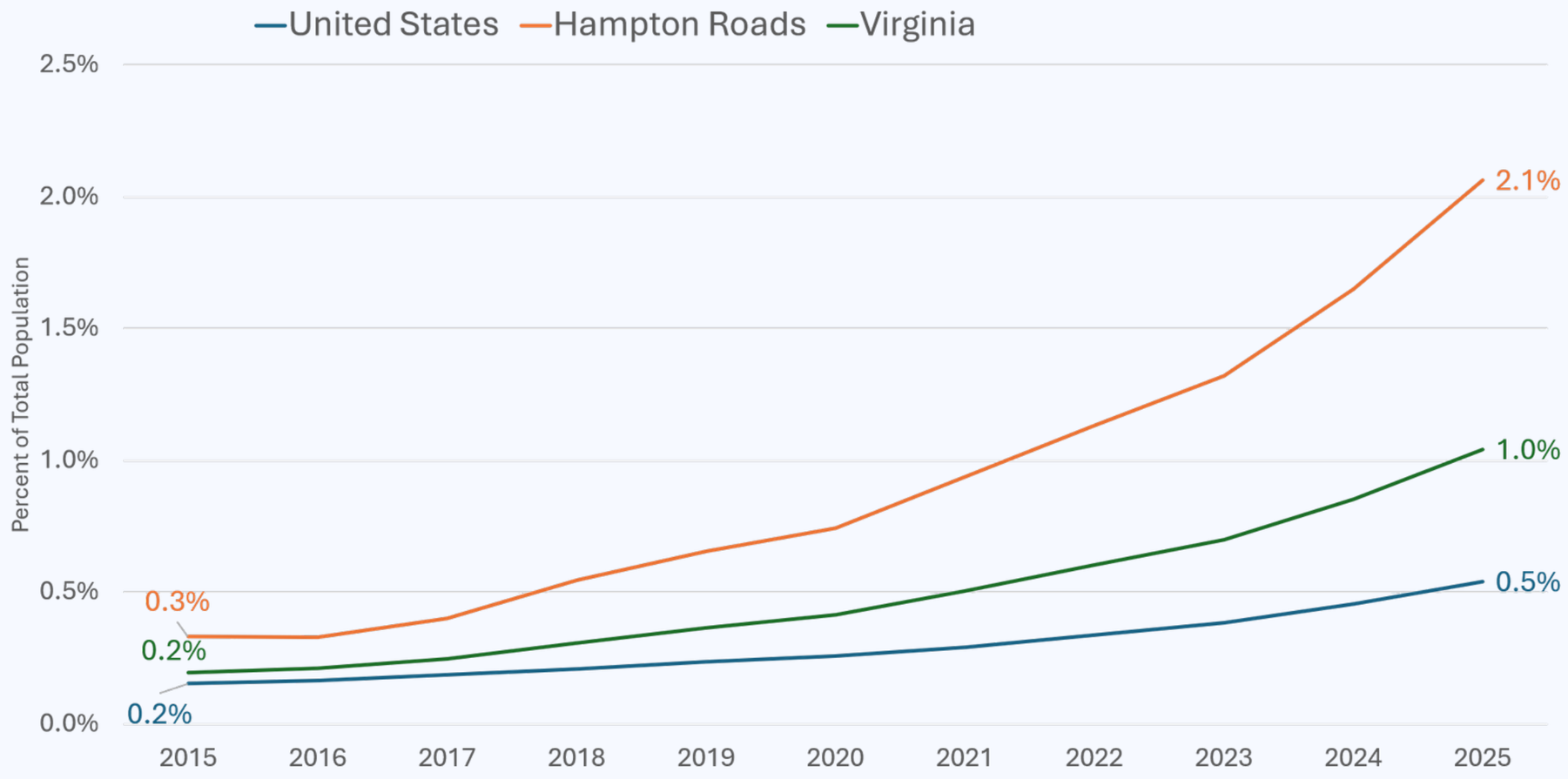
Percent Of Veterans With A Service-Connected Disability
United States, 2000-2025



Percent of Service-Connected Disability Veterans With A
Rating of 70-100% United States, 1986-2025

Source: Department of Veterans, Bureau of Labor Statistics, and HRPDC. Estimates for 2022 are interpolated. 2025 estimates are projections.

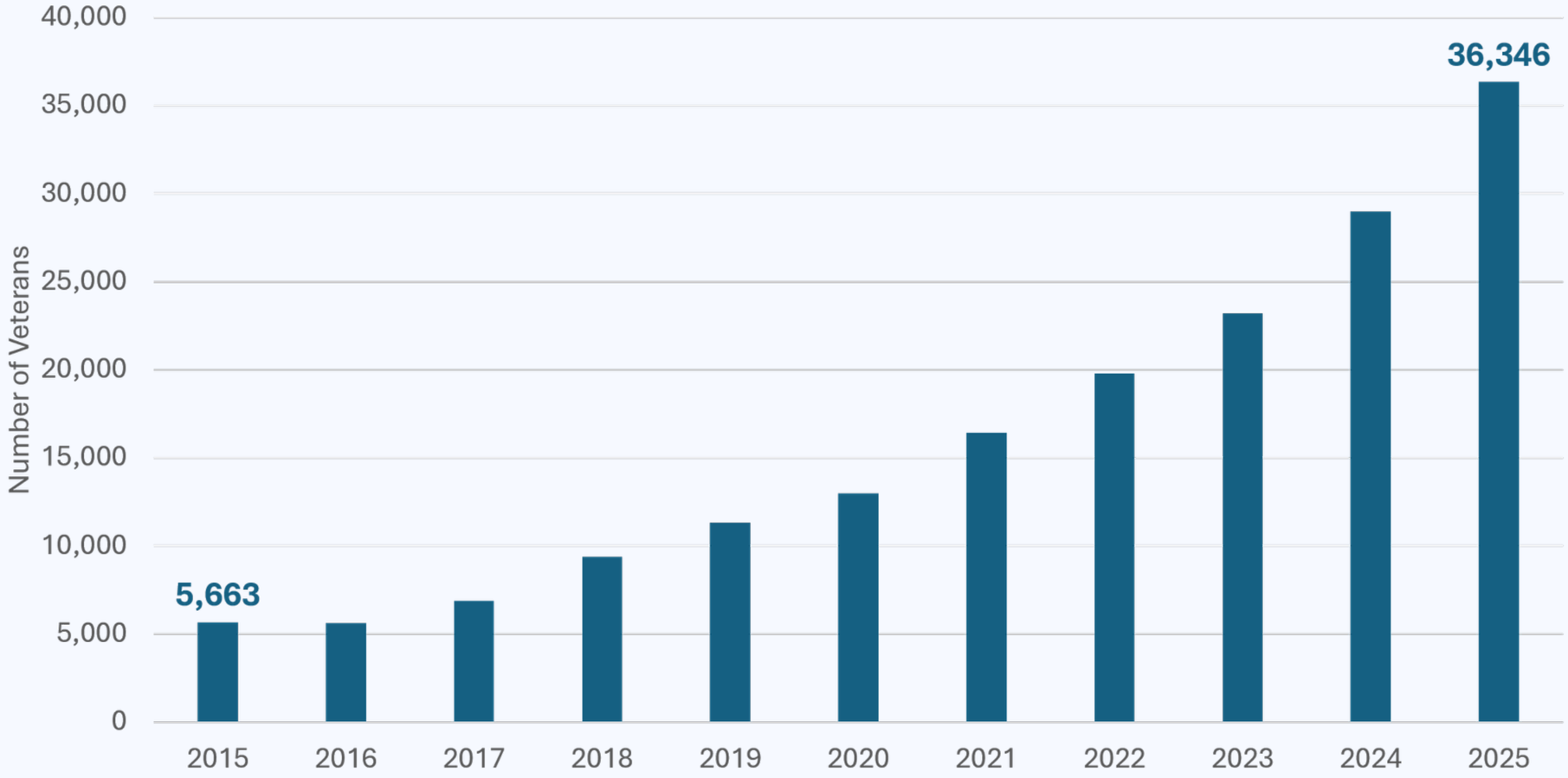
Service-Connected Disabled Veterans with A Rating of 100% Share of Total Population, 2015-2025



Source: Department of Veterans, Census Bureau and HRPDC. County estimates less than 10 suppressed. Estimates for 2022 interpolated.

Service-Connected Disabled Veterans with a Rating of 100%
Hampton Roads, 2015-2025

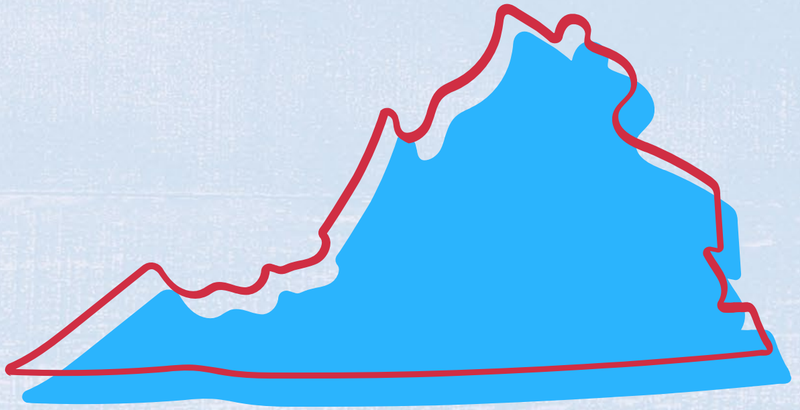




Source: Department of Veterans and HRPDC. County estimates less than 10 suppressed. Estimates for 2022 are interpolated.

Virginia Experience

Disabled Veteran Tax Exemption



In 2011, SB1358's Fiscal Impact Statement (FIS) reported:

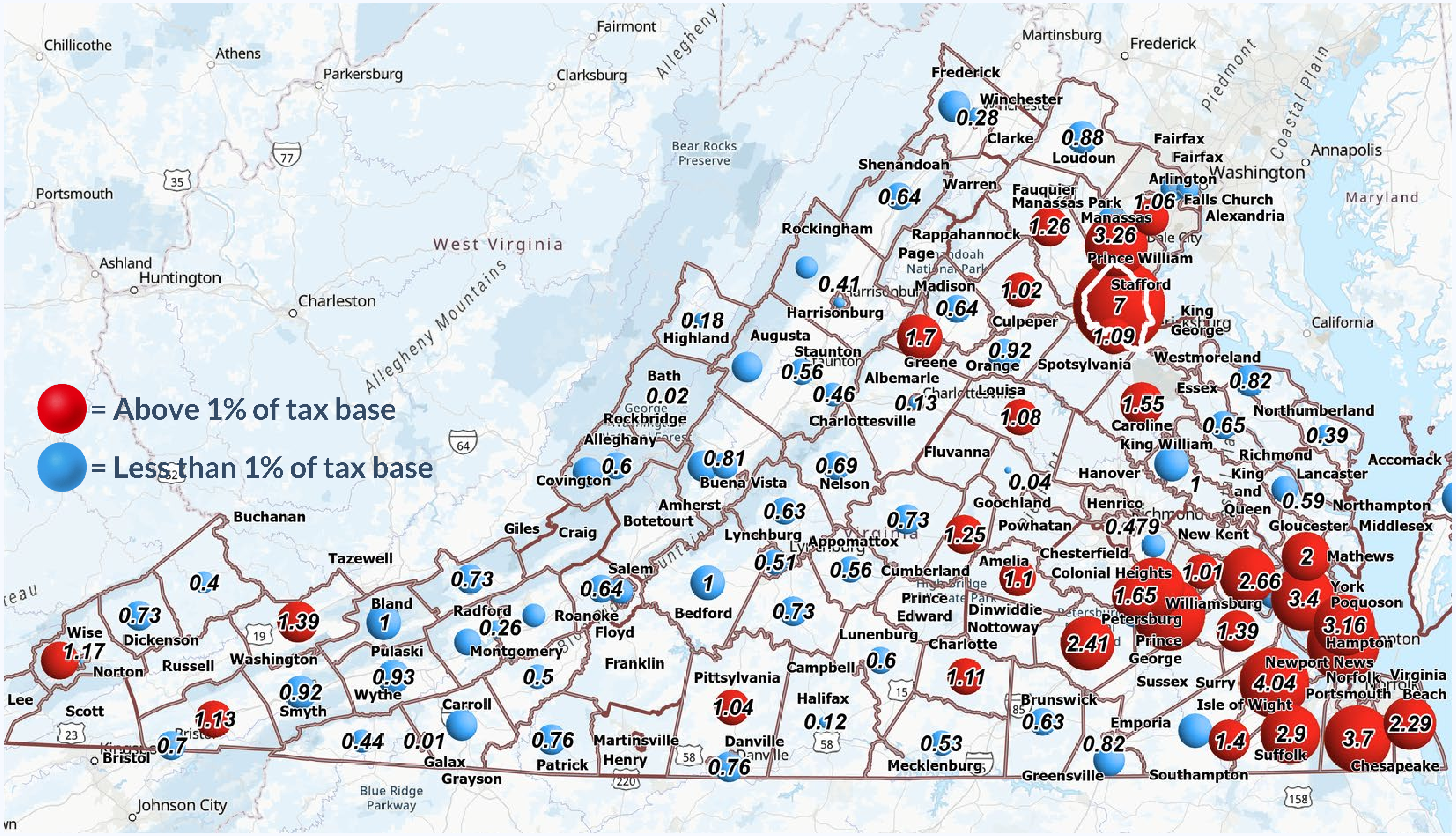
- The program would have NO IMPACT on state revenues and an "unknown" revenue loss to localities
- The FIS estimated that 7,710 veterans in Virginia would be considered 100% disabled

In 2023:

- 39,523 households claimed the exemption (with numbers rapidly increasing in 2024 & 2025)
- 38 Cites & Counties in Virginia provided tax relief totaling more than 1% of their local tax base
- 4 Cities & Counties provided tax relief exceeding 4% of their tax base

Disabled Veteran Tax Exemptions Across the State

Disabled Veteran Relief as a Percentage of Total Real Estate Revenue, 2023

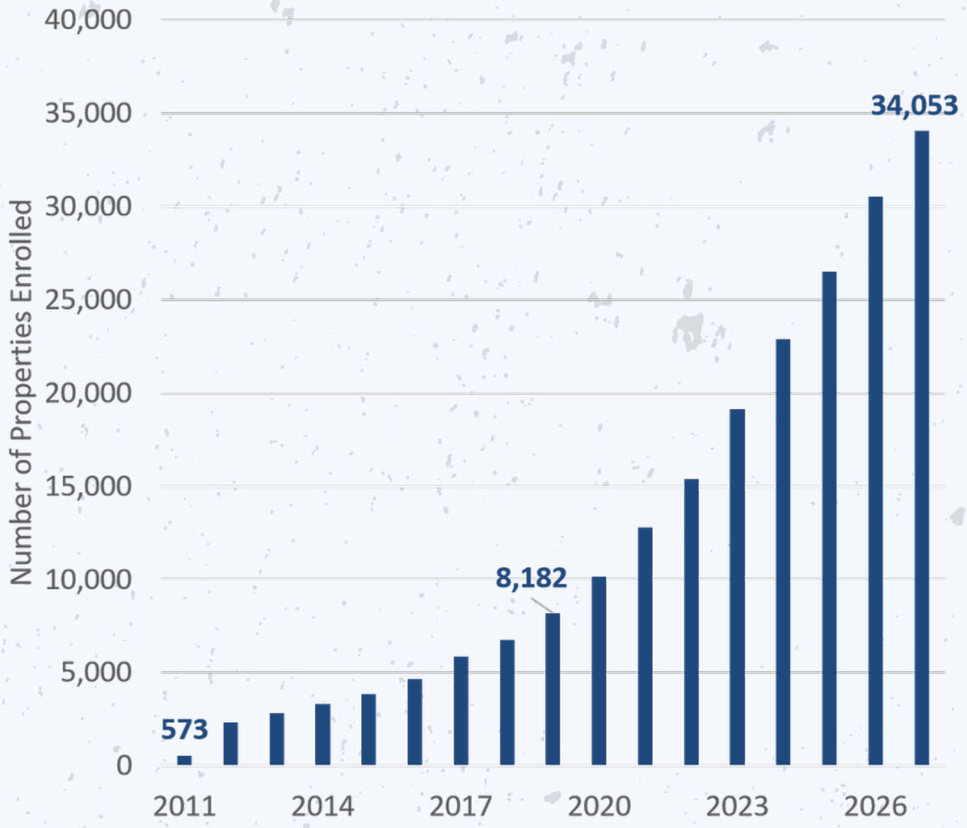


Source: Anthony Toigo, Intergovernmental Affairs Manager, Stafford County, VA

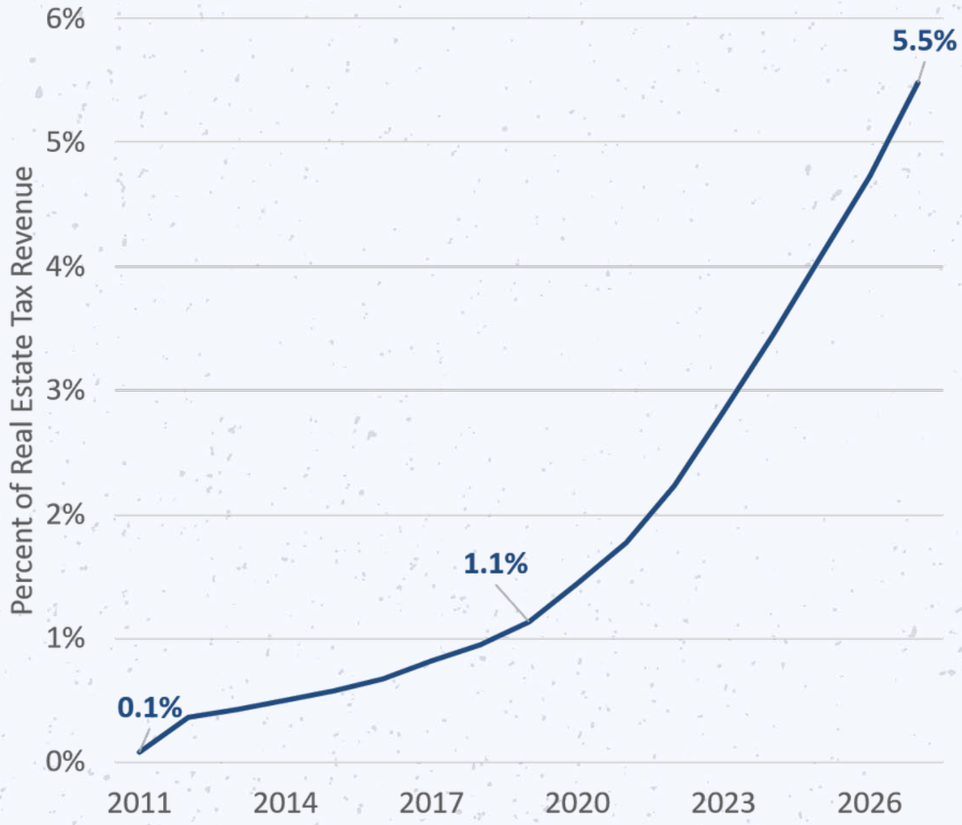


Hampton Roads Experience

Disabled Veterans Real Estate Tax Exemption Programs
Hampton Roads, 2011-2027



Number of Properties Enrolled



Real Estate Relief as a Share of Real Estate Tax Revenue

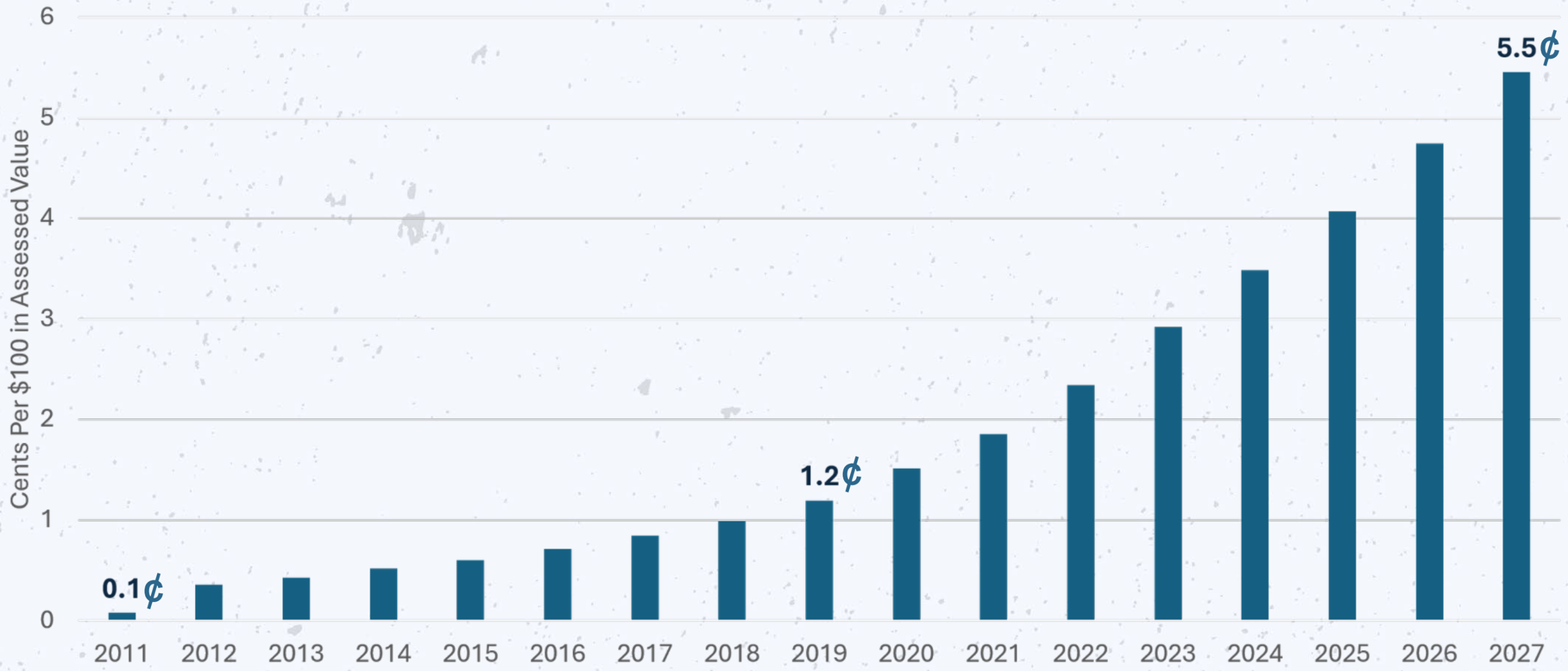
Source: Hampton Roads local governments and HRPDC. Estimates for 2027 are projected. Portsmouth estimates for 2027 are projected by the HRPDC.



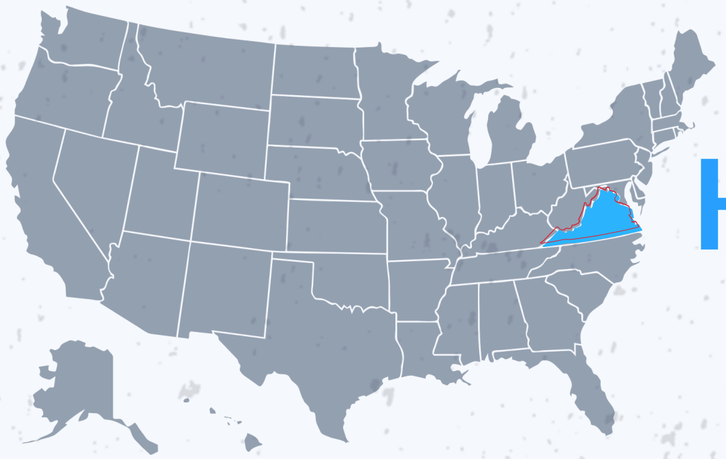
Hampton Roads Experience

Real Estate Tax Equivalency of Disabled Veterans Relief

(in cents per $100 of assessed value)
Hampton Roads, 2011-2027

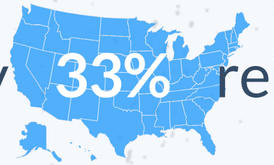


Source: Hampton Roads local governments and HRPDC. Estimates for 2027 are projected. Portsmouth estimates for 2027 are projected by the HRPDC.



How Does Virginia Compare?

All 50 states offer some property tax relief, but the mechanisms vary (full, partial, tiered, credits, caps, and refunds)

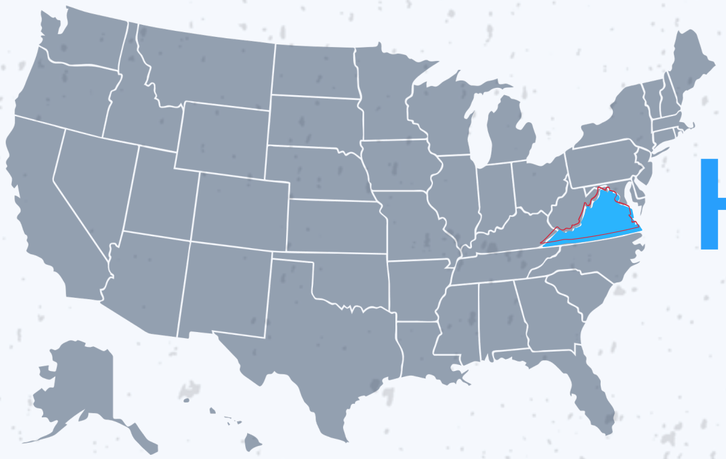
Approximately 

reimburse local governments for **most or all of the lost revenue**

Approximately 

of states **share mixed responsibility** of the cost of the exemptions

Virginia is one of 9 states with a mandated 100% exemption where localities shoulder the entire cost of the exemptions **(AL, AR, CA, FL, GA, MS, SC, TX)**

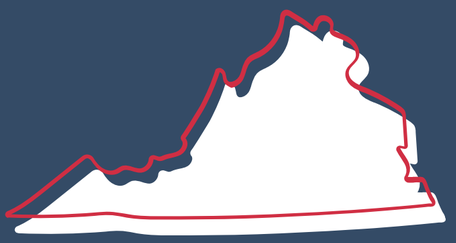


How Does Virginia Compare?

Numerous states have exemptions that are subject to financial need, income caps, wealth/asset limits, and property value caps. Here are a few examples:

- Pennsylvania requires a financial eligibility test
- Kansas uses a refund-style exemption subject to income limits
- Montana’s exemption applies only to those who have an income below state-set thresholds
- Nebraska’s exemptions are subject to income and home value limits
- Washington’s exemptions are subject to income thresholds
- New Hampshire’s exemptions are subject to income limits
- Minnesota’s exemptions have home value thresholds

Discussion at the General Assembly



In November of 2021, a report on Mandatory Property Tax Exemptions from Virginia's Commission on Local Government (CLG) provided potential policy solutions:

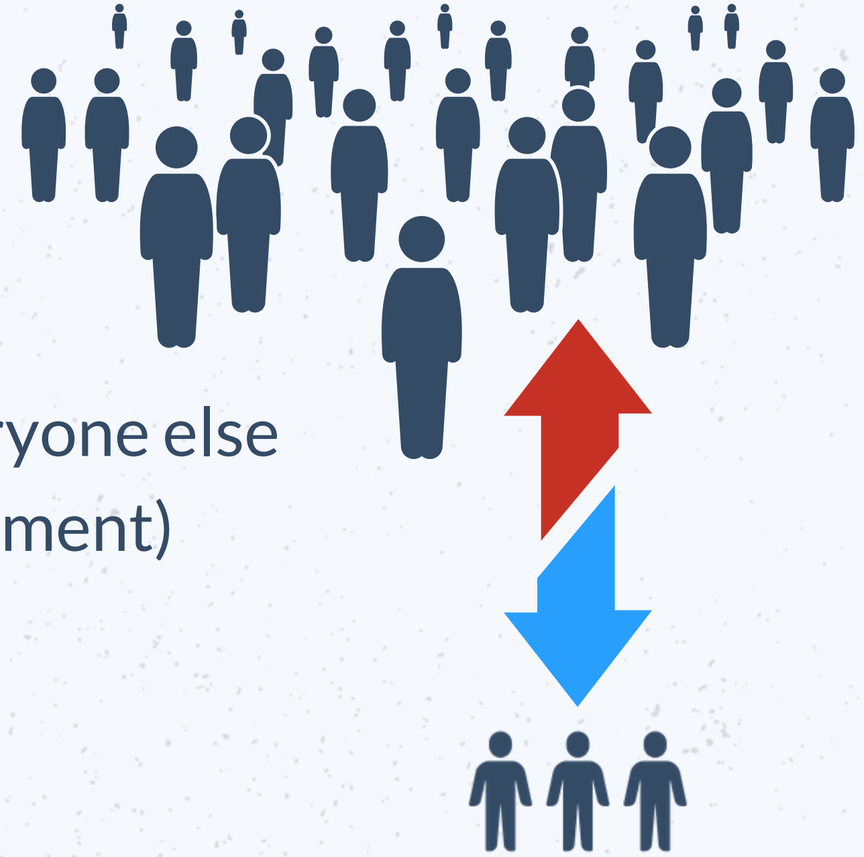
- Full or 50% reimbursement to localities
- Partial reimbursement to high fiscal stress localities
- Partial reimbursement based on veteran relief as a % of real estate taxes

CONCLUSION OF THE CLG:

"We would submit that these widely supported mandatory property tax exemptions should be paid for in a spirit of shared fiscal cooperation between state and local government with a special focus on decreasing the fiscal impact for localities that shoulder the largest costs"

Legislation brought during the 2020, 2022, and 2023 sessions seeking to create a subsidy where the Commonwealth would reimburse localities for disabled veterans exemptions exceeding 1% of the tax base were unsuccessful (SB143 -2020, SB360 – 2022, SB1032 - 2023)

Additional Concerns
For Our Residents



Disabled Veterans Tax Exemption

- Equity (wealthy receive the most benefit)
- No benefit to unhoused Veterans
- Tax exemptions for a few = tax increase for everyone else
- Unintended consequences (perception & resentment)

Other Revenue Concerns:

- Telecommunication tax
- Cigarette tax/vaping tax

Questions & Discussion

