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**House of Representatives**  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

## MEMORANDUM

To: Representative Pam Snyder

CC: Nicolas Faieta, Legislative Assistant

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Date: July 8, 2015

Subject: Property Taxes – Disabled Veterans

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Per your request, I have prepared a research memorandum regarding property tax exemptions for disabled veterans in preparation for an upcoming meeting with a constituent regarding the Pennsylvania Disabled Veterans' Real Estate Tax Exemption Program.

In order to complete this request, I utilized the Legislative Data Processing Center (LDPC) website in addition to the sources cited throughout this memorandum.

### Summary

Pennsylvania's Disabled Veterans' Real Estate Tax Exemption Program provides for a real property tax exemption for disabled veterans in the Commonwealth who have a service-connected disability rating of total or 100% permanent disability. Pennsylvania's program is comparable to most other state property tax exemption programs for veterans and disabled veterans.

Several bills have been introduced during the current legislative session to amend the exemption requirements, specifically to expand the exemption to all veterans including those who served during peace-time and to remove the state Veterans' Commission as the entity determining the exemption.

## Background

### *Pennsylvania's Disabled Veterans' Real Estate Tax Exemption Program*

Article VIII of the Constitution of Pennsylvania provides for the taxation and finance of property in the Commonwealth and includes exemptions for certain property and residents. Specifically, § 2, subsection (c) provides for a real property tax exemption for veterans of the Commonwealth if the veteran meets the following criteria:

- Served in any war or armed conflict in which the United States was engaged;
- Honorably discharged or released under honorable circumstances from active service;
- As a result of military service, is blind, paraplegic or a double or quadruple amputee or has a service-connected disability declared by the United States Department of Veterans Affairs to be a total or 100% permanent disability; and
- Is determined by the state Veterans' Commission to be in need of the exemption.

The exemption may be extended to the unmarried surviving spouse upon the death of the eligible veteran, provided the state Veterans' Commission determines the spouse is in need of the exemption.

Further, veterans must meet certain annual income criteria in order to be considered for the exemption by the state Veterans' Commission.<sup>1</sup> As of January 5, 2013, which is the most recent annual income amount located through regulations published by the Department of Military and Veterans Affairs through the *Pennsylvania Bulletin*, an applicant must prove financial need if their annual income exceeds \$85,168. The state Veterans' Commission will apply a rebuttable presumption that an applicant with an annual income of \$85,168 or less has a need for an exemption.<sup>2</sup> The table below illustrates the annual income assumed by the state Veterans' Commission since the program's inception in 2006.

<b>Year</b>	<b>Annual Income</b>
2013	\$85,168 <sup>3</sup>
2011	\$81,340 <sup>4</sup>
2009	\$79,050 <sup>5</sup>
2007	\$75,000 <sup>6</sup>

It is important to note, however, that the annual income criteria listed on the Department of Military and Veterans Affairs website specific to the Disabled Veterans' Real Estate Tax

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<sup>1</sup> 51 Pa.C.S., § 8904.

<sup>2</sup> 43 Pa.B. 104

<sup>3</sup> *Ibid.*

<sup>4</sup> 41 Pa.B. 112

<sup>5</sup> 39 Pa.B. 103

<sup>6</sup> 51 Pa.C.S., § 8904.

Exemption Program is \$87,212.<sup>7</sup> It appears that this is the updated figure effective 2015, but this figure has not yet been published in the *Pennsylvania Bulletin*.

### *Other State Veteran Property Tax Exemption Programs*

Most states offer a property tax exemption or tax credit program for veterans and/or disabled veterans. The following is a breakdown of the type of property tax exemption program and the corresponding number of states:

- Provide no property tax exemption or reduction for disabled veterans:
  - 1 state (Delaware)
- Provide a property tax exemption or reduction to disabled individuals regardless of veteran status:
  - 1 state and Washington, D.C.
- Provide a property tax exemption or reduction to disabled veterans:
  - 48 states (including **Pennsylvania**)

Further detail on the property tax exemption programs for veterans and the statutory citation for each state can be found in the attached Excel spreadsheet.

### **Legislation**

- House Bill 206, P.N. 196 (Sponsor: Representative Tom Murt)
  - Amends the Pennsylvania Constitution to expand the property tax exemption to individuals who served in the United States Armed Forces, to include a reserve component or National Guard, and who received an honorable discharge or release, regardless of service during war- or peace-time.
  - Provides for a lifetime exemption from the payment of property taxes to all eligible veterans regardless of income and removes the extension of the exemption to the surviving spouse.
  - Removes the requirement that eligible veterans have a 100% permanent disability rating and removes the Veterans' Commission as the entity determining an exemption.
  - Introduced and referred to the House Finance Committee on January 23, 2015.
- Senate Bill 125, P.N. 74 (Sponsor: Lisa Boscola)
  - Amends Title 51 (Military Affairs) of the Pennsylvania Consolidated Statutes to expand the property tax exemption to the surviving spouse of a veteran who was killed or missing in action, provided that the state Veterans' Commission determines the spouse is in need of an exemption.
  - Introduced and referred to the Senate Finance Committee on January 14, 2015.

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<sup>7</sup> Pennsylvania Department of Military and Veterans Affairs, n.d.

- Senate Bill 371, P.N. 287 (Sponsor: Senator Lisa Baker)
  - Amends the Pennsylvania Constitution to expand the property tax exemption to individuals who served in the armed forces of the United States, regardless of service during war- or peace-time.
  - Introduced and referred to the Senate Finance Committee on January 30, 2015.
- Senate Bill 464, P.N. 409 (Sponsor: Senator John Rafferty)
  - Amends the Pennsylvania Constitution to remove the Veterans' Commission as the entity determining an exemption.
  - Introduced and referred to the Senate Finance Committee on February 12, 2015.
- Senate Bill 708, P.N. 699 (Sponsor: Senator Matt Smith)
  - Amends Title 51 (Military Affairs) to provide for the calculation of income and definition of financial need criteria.
  - Adds a definition of "income" to include all income, such as railroad retirement benefits, Social Security benefits and workers' compensation.
  - Removes the rebuttable presumption language and provides for an applicant with an annual income of \$75,000 or less to be considered in need of an exemption.
  - Introduced and referred to the Senate Veterans Affairs and Emergency Preparedness Committee on April 7, 2015.
- Senate Bill 744, P.N. 769 (Sponsor: Senator Daylin Leach)
  - Amends Title 51 (Military Affairs) to provide for a proportional exemption from real estate taxes for disabled veterans.
  - Provides for a real estate tax exemption that is proportional to a veteran's service-connected disability if the disability is between 10% and 90%.
  - Introduced and referred to the Senate Veterans Affairs and Emergency Preparedness Committee on April 16, 2015.

## **Bibliography**

Pennsylvania Department of Military and Veterans Affairs. (n.d.). *Disabled Veterans Real Estate Tax Exemption Program*. Retrieved from Pennsylvania Department of Military and Veterans Affairs:

[http://www.portal.state.pa.us/portal/server.pt/community/real\\_estate\\_tax\\_exemption/22053](http://www.portal.state.pa.us/portal/server.pt/community/real_estate_tax_exemption/22053)

I hope this information is helpful. Should you have any further questions or concerns, or if I may provide further assistance, please do not hesitate to contact the Legislative Policy & Research Office.

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