150th GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 265**
SPONSOR:	**Representative Jaques**
DESCRIPTION:	**AN ACT TO AMEND TITLE 9 AND 14 OF THE DELAWARE CODE RELATING TO EXEMPTIONS FROM TAXATION ON REAL PROPERTY.**

Assumptions:

1. This Act becomes effective upon signature by the Governor. Upon signature, this Act becomes effective on the first day of the county fiscal year following enactment.

2. This Act fully exempts county property taxes and local school taxes for disabled veterans who meet the following requirements:
    a. Receiving 100% disability compensation from the United States Department of Veterans Affairs due to a service-connected, permanent, and total disability based on individual unemployability, or a 100% disability rating;
    b. The property for which the exemption is sought must be solely owned by the veteran ("claimant") or jointly owned with his or her spouse and must be occupied as his or her principal place of residence;
    c. The claimant must have been legally domiciled within the state for a period of time established by the county of residence as of June 30, immediately before the beginning of the county fiscal year; and
    d. The claimant must file a written application, as prescribed by the governing body of the taxing district, with an accompanying award letter provided by the United States Department of Veterans Affairs evidencing the claimant's disability rating or status.

3. There are 1,978 disabled veterans living in Delaware with a 100% disability rating. Specifically, there are 640 in Kent County, 857 in New Castle County, and 481 in Sussex County. (Source: National Center for Veterans Analysis & Statistics' October 2019 report.)

4. Actual homeownership rates among the 1,978 eligible veterans are difficult to determine, but the following information provides for a potential range:
    a. The United States Department of Veterans Affairs estimates that 75% of all veterans own a home. (1,978 x 75% = 1,475 eligible veterans)
    b. Utilization of existing county property tax exemptions for the eligible population may indicate a lower rate of homeownership. Specifically, approximately 100 participants are reported in Kent County and 239 applicants in New Castle County. Sussex County data was unavailable. However, existing exemptions do not consider percentage of disability and may have differing criterion. Based on this information, a homeownership rate of 30% is also included in the potential impact calculations. (1,978 x 30% = 584 eligible veterans)

5. Upon enactment, school districts will no longer collect property taxes currently received from these property owners. Using median home values (per the 2014-2018 American Community Survey, U.S. Census Bureau), average assessment ratios, and average school property tax rates by county, the average annual residential school property tax impacts are as follows:

County	Average Residential School Property Tax	Eligible Veteran Homeowners 30%	Eligible Veteran Homeowners 75%	Total School Property Tax Impact Potential 30%	Total School Property Tax Impact Potential 75%
Kent	$715.63	183	471	$130,960	$337,062
New Castle	$1,396.80	257	643	$358,978	$898,142
Sussex	$800.15	144	361	$115,222	$288,854
	Totals:	584	1,475	$605,159	$1,524,058

6. Upon enactment, vocational and technical ("vo-tech") school districts will no longer collect property taxes currently received from these property owners. Using median home values (per the 2014-2018 American Community Survey), average assessment ratios, and vo-tech property tax rates, the average annual residential vo-tech property tax impacts are as follows:

County	Average Residential Vo-Tech Property Tax	Eligible Veteran Homeowners 30%	Eligible Veteran Homeowners 75%	Total Vo-Tech Property Tax Impact Potential 30%	Total Vo-Tech Property Tax Impact Potential 75%
Kent	$69.22	183	471	$12,667	$32,603
New Castle	$108.20	257	643	$27,807	$69,573
Sussex	$54.25	144	361	$7,812	$19,584
Totals:		584	1,475	$48,287	$121,759

7. Upon enactment, there may be eligible veteran homeowners who currently receive the state senior property tax credit (of up to $400 per property owner). Because the property tax exemption provided under this Act would eliminate the need for such senior property tax credits, there may be savings realized to the State. However, because the age of eligible veteran homeowners is not available, potential savings are indeterminable.

8. Total revenue loss calculations include a 2% inflation factor.

Cost:

	Local Revenue Loss to School Districts
Fiscal Year 2021:	$653,446 **-** $1,645,818
Fiscal Year 2022:	$666,515 - $1,678,734
Fiscal Year 2023:	$679,845 - $1,712,309

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