151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 214**
AS AMENDED BY:	**HA 1**
SPONSOR:	**Representative Carson**
DESCRIPTION:	**AN ACT TO AMEND TITLES 14 AND 29 OF THE DELAWARE CODE RELATING TO DISABLED VETERANS' SCHOOL TAX CREDIT.**

Assumptions:

1. This Act becomes effective upon signature by the Governor.

2. This Act authorizes local school boards through a majority vote to allow a tax credit for 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 owned and occupied by and as the principal residence of a qualified person; and
    c. The claimant must be legally domiciled within the state.

3. This Act also establishes the Disabled Veteran Property Tax Relief and Education Expense Fund (the Fund) to which $1,000,000 received from any revenue source not otherwise committed to a special fund and from which claims made under this Act shall be paid. Should claims exceed $1,000,000 the Secretary of Finance, with the approval of the Director of the Office of Management and Budget and the Controller General, may transfer from the Department of Education's general contingency line the amount of such reasonably foreseen additional claims.

4. For Fiscal Year 2022, this Act authorizes the Secretary of Finance to use up to 5% of the amount appropriated for the Fund to offset administrative expenses. Additionally, the Secretary of Finance shall pay an amount equal to 2% of the amount appropriated to the Fund to each County Receiver of Taxes.

5. 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.)

6. 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 county 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)

7. Upon enactment, school districts may authorize a credit. 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%	75%	Total School Property Tax Impact Potential 30%	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

8. Upon enactment, vocational and technical ("vo-tech") school districts may authorize a credit. 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%	75%	Total Vo-Tech Property Tax Impact Potential 30%	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

9. 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 credit 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.

10. Upon enactment local school boards shall decide through a majority vote whether to authorize a credit against taxation for disabled veterans; therefore, a cost of $1,000,000 in the amount to be appropriated to the Fund is assumed for Fiscal Year 2022.

11. Total cost calculations include a 2% inflation factor.

Cost:
Fiscal Year 2022: $1,000,000
Fiscal Year 2023: $1,000,000 - $1,645,818
Fiscal Year 2024: $1,000,000 - $1,678,734

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