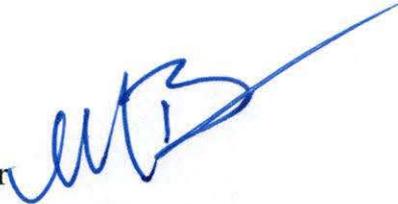


COUNTY OF YORK
MEMORANDUM

DATE: December 4, 2025
TO: York County Board of Supervisors
FROM: Mark L. Bellamy, Jr., County Administrator 
SUBJECT: Disabled Veterans Real Estate Tax Exemption Program – Local Impacts

At the Hampton Roads Chief Administrative Officers meeting on Wednesday, Chris Price, City Manager of Chesapeake, shared data on the local impacts of the Disabled Veterans Real Estate Tax Exemption Program on the Hampton Roads localities. I wanted to share that presentation and handout with the Board for your information.

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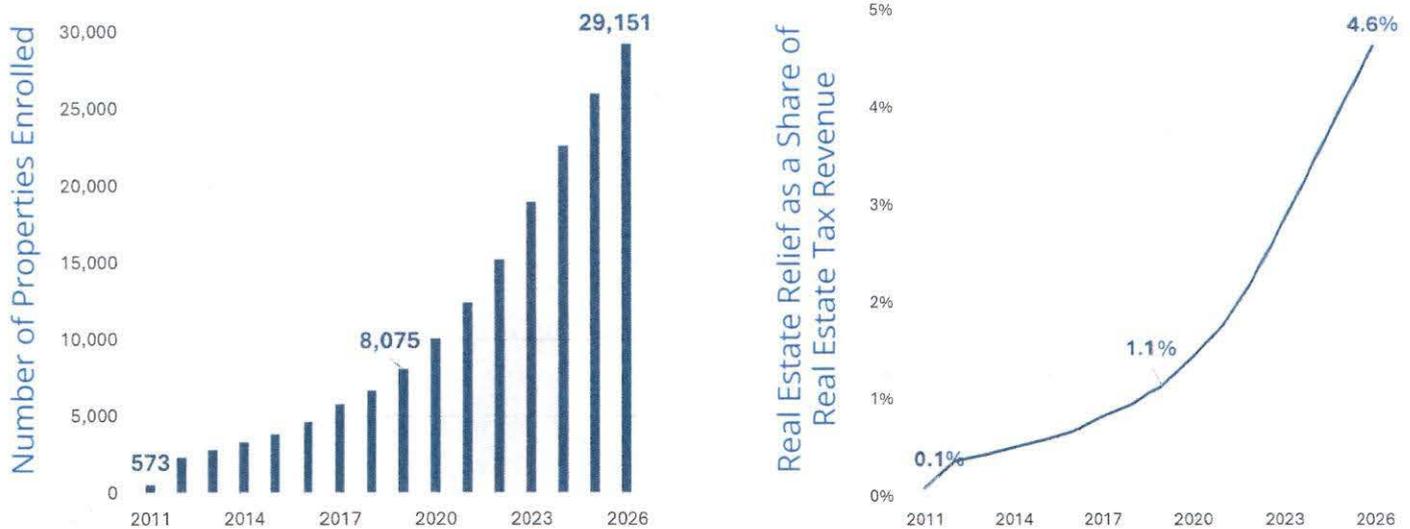
Attachments:

- PowerPoint – Disabled Veterans Real Estate Tax Exemption Program
- Disabled Veterans Real Estate Tax Exemption Program Local Impacts



Disabled Veterans Real Estate Tax Exemption Program LOCAL IMPACTS

In 2010, Virginians approved a constitutional amendment requiring a real estate property tax exemption for veterans with a 100% service-connected disability rating. The number of properties enrolled in this exemption has increased quickly and has far exceeded initial estimates.



JURISDICTION	Increase in # People with 100% Service-Connected Disability (2015 -2023)	Percent of Veterans with SCD Rating of 100% (2023)	Number of Properties Enrolled in D.V. Exemption Programs (2025)	Tax Rate Equivalency of D.V. Property Tax Exemption (2025)
Chesapeake	487%	16%	5,554	6.4 ¢
Gloucester	220%	9%	533	1.9 ¢
Hampton	205%	12%	2,612	5.8 ¢
Isle of Wight	539%	11%	746	3.6 ¢
James City	360%	10%	1,356	3.0 ¢
Newport News	195%	12%	1,762	3.0 ¢
Norfolk	225%	9%	2,413	3.5 ¢
Poquoson	324%	9%	244	6.3 ¢
Portsmouth*	213%	11%	670	2.4 ¢
Southampton	119%	5%	134	1.2 ¢
Suffolk	538%	17%	2,174	5.9 ¢
Virginia Beach	313%	12%	6,243	3.4 ¢
Williamsburg	295%	9%	78	0.6 ¢
York	454%	13%	1,396	4.0 ¢
Hampton Roads	310%	12%	25,915	4.0 ¢
Virginia	272%	10%		
United States	163%	8%		

*HRPDC estimates

As written, Virginia's property tax exemptions has no impact on state revenues. While all 50 states offer some form of property tax relief to disabled veterans, Virginia is one of a few states that take no financial responsibility for the exemption, while mandating that localities provide a full exemption for disabled veterans.

Illustrative Examples of the Impacts on Local Governments

Norfolk

In FY 2025, over \$9.7 million in disabled veteran real estate tax exemptions were provided (3.73 cents on the real estate tax rate). This \$9.7 million would provide for over 100 police or fire personnel and/or fund debt service for various infrastructure improvements that would enhance the quality of life of Norfolk residents.

Hampton

For the period FY11 through FY26 (projected), we have provided \$55.5 million in tax relief to residents for the Disabled Veterans Real Estate Tax Exemption Programs. The current annual impact is \$10.4 million, which is the equivalent of 6.4 cents on the tax rate. This amount would be sufficient to issue \$100 million in bonds to support flood mitigation, education and/or other critical services. Alternatively, it could be used to provide tax relief for the entire population, reducing our tax rate from \$1.14 to \$1.08.

Virginia Beach

Annual enrollment growth has been more than 20% per year, which makes the sustainability of the program a great concern. Year over year growth in exemption programs is more than \$9 million. For context, each penny of VB's real estate tax rate generates \$8.2 million. This means that VB is losing an additional one penny in tax revenue each year.

Assuming the same level of growth continues, the total assessment base in FY31 is estimated to be around \$100 billion. The \$111 million taxes in the exemption program would be the equivalent of \$11.5 billion assessed value or at that point in time, 12% of our total assessment base.

York County

The impact of these exemptions is substantial, representing nearly five cents on the County's real estate tax rate. This loss of revenue has contributed to deferred capital investments in both County and school infrastructure and has limited the County's ability to remain competitive in recruiting and retaining employees.

Chesapeake

The forgone revenue from this exemption could fund the debt service for the construction of a high school and two fire stations. The revenue equivalent from this exemption equates to the combined operating budgets of the City's Parks, Recreation, and Tourism Department, Economic Development Department, and Procurement Office.

An American flag is shown in the background, waving and slightly out of focus, occupying the right side of the slide.

Disabled Veterans Real Estate Tax Exemption Program

LOCAL IMPACTS

Presented by **Mary Bunting**, *City Manager of Hampton*
Chair of the Hampton Roads Chief Administrative Officer Committee

December 2, 2025

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)**

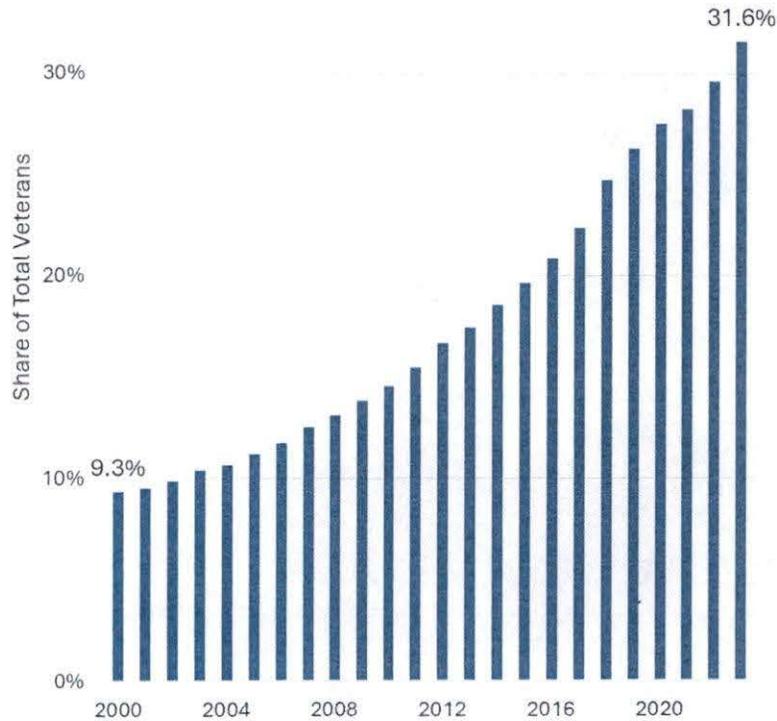
2010 - Virginians approved the proposed constitutional amendment as a ballot question.

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

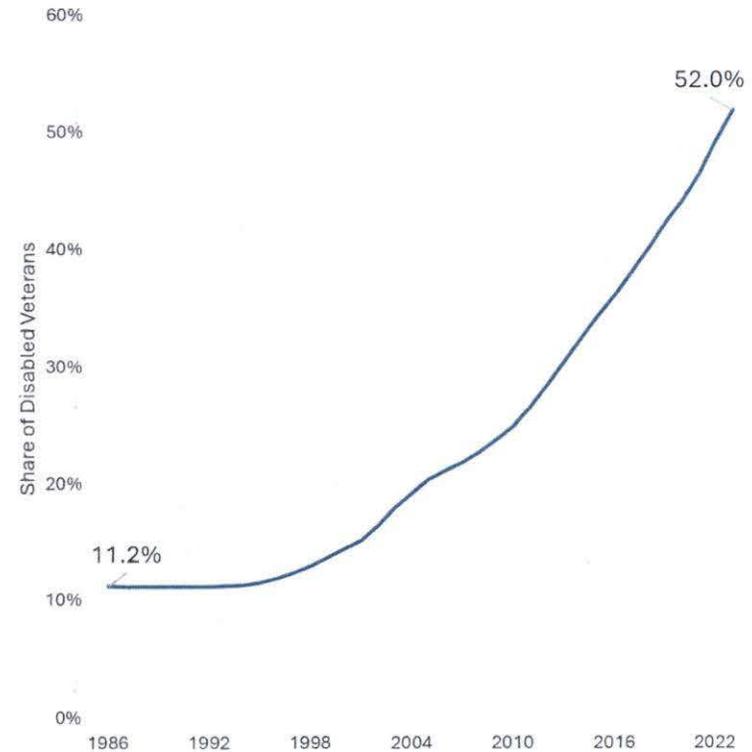
2015 - Amendment adds surviving spouses of service members killed in action.



Service-Connected Disability Trends



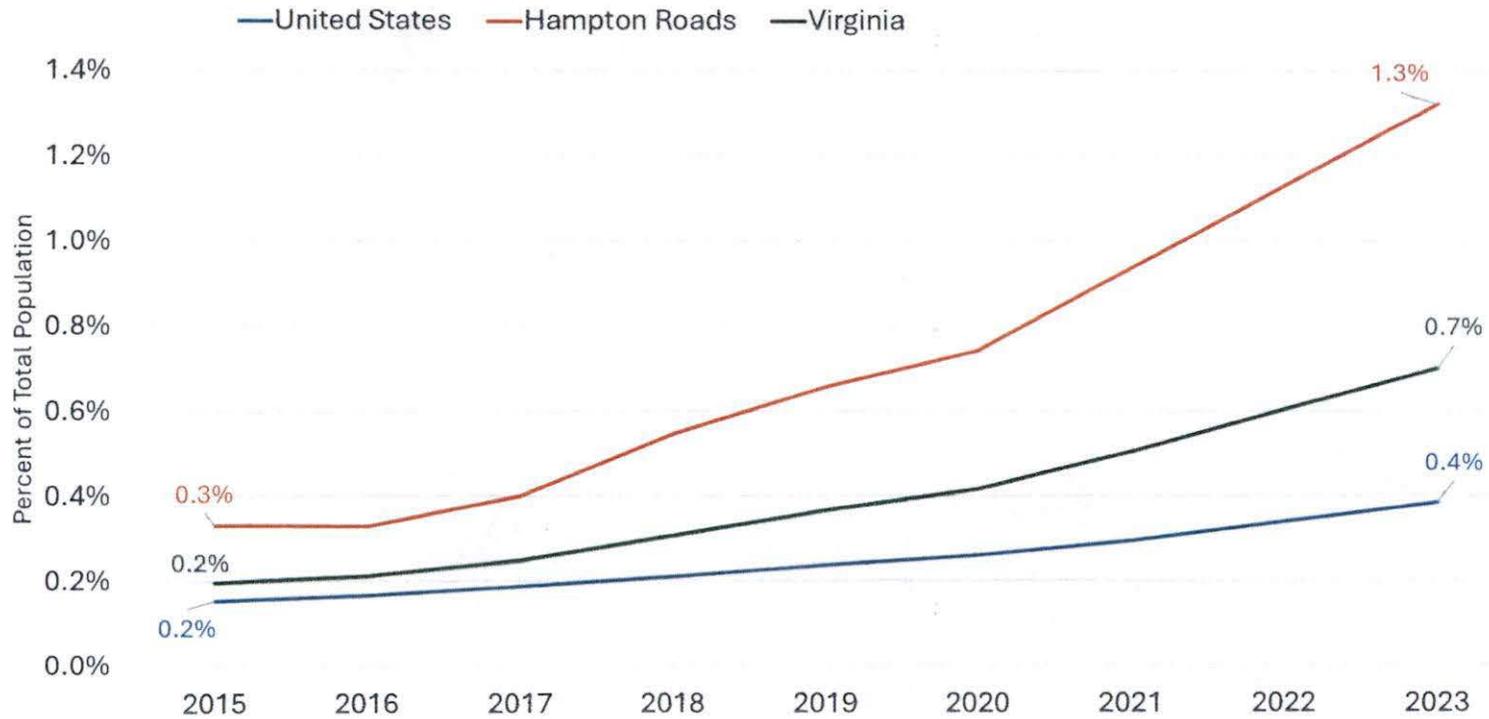
Percent Of Veterans With A Service-Connected Disability United States, 2000-2023



Percent of Service-Connected Disability Veterans With A Rating of 70-100% United States, 1986-2023

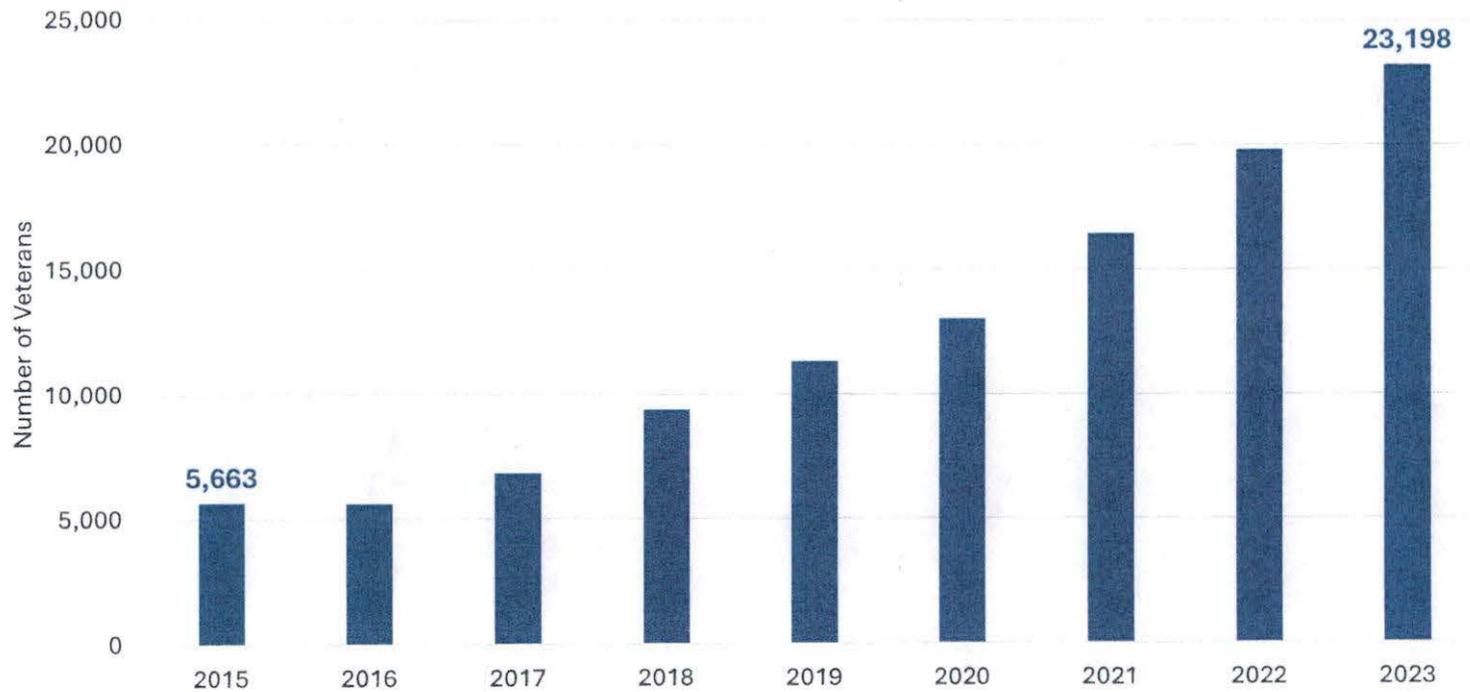
Source: Department of Veterans, Bureau of Labor Statistics, and HRPDC. Estimates for 2022 are interpolated.

Service-Connected Disabled Veterans with A Rating of 100% Share of Total Population, 2015-2023



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, 2015-2023

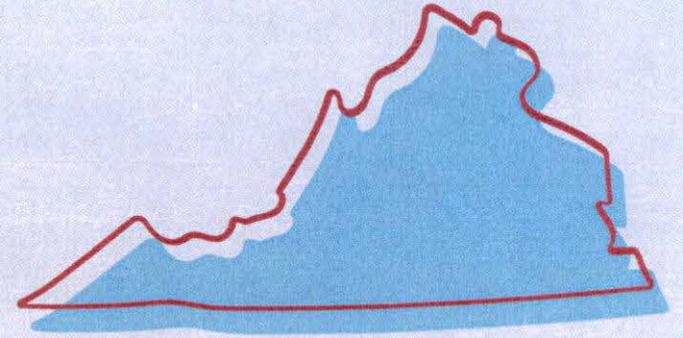


Source: Department of Veterans and HRPDC. County estimates less than 10 suppressed. Estimates for 2022 are interpolated.



Virginia Experience

Disabled Veteran Tax Exemption

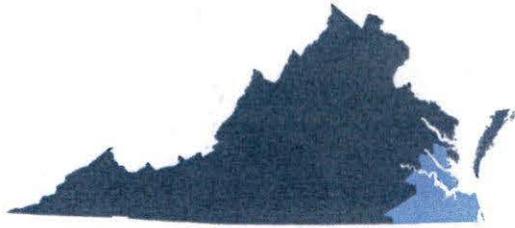


In 2011, SB1358's Fiscal Impact Statement (FIS) reported:

- 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

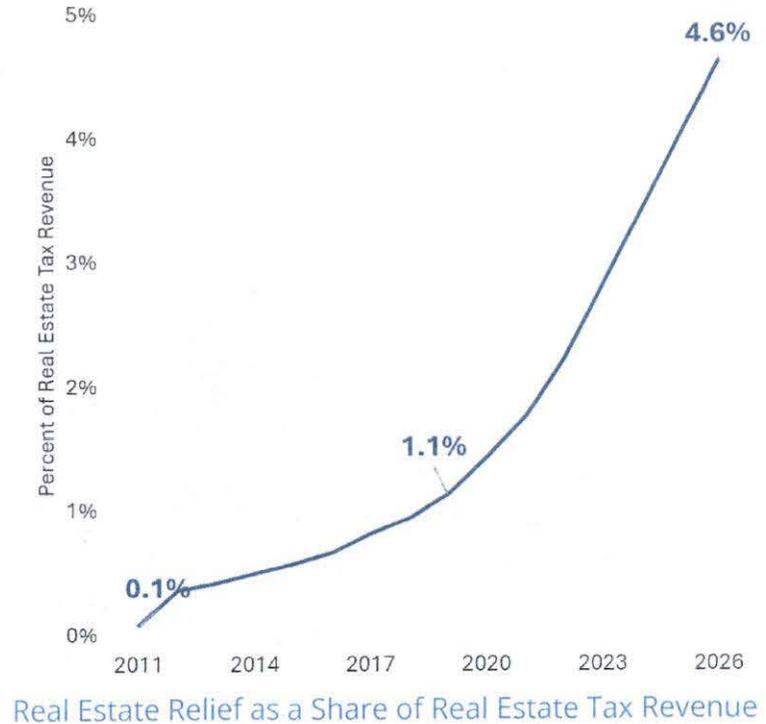
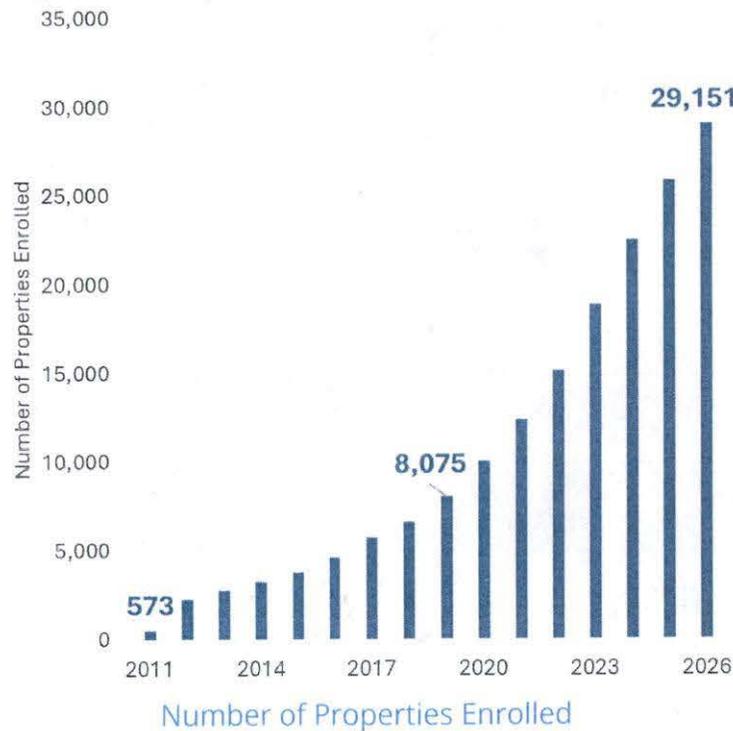
In 2023:

- 39,523 households claimed the exemption (with numbers rapidly increasing in 2024 & 2025)
- 38 Cities & 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

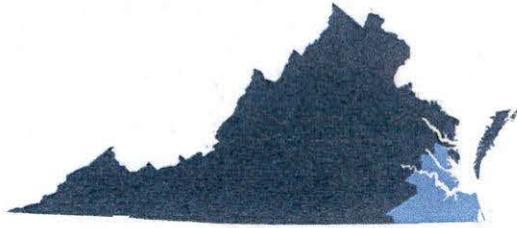


Hampton Roads Experience

Disabled Veterans Real Estate Tax Exemption Programs
Hampton Roads, 2011-2026

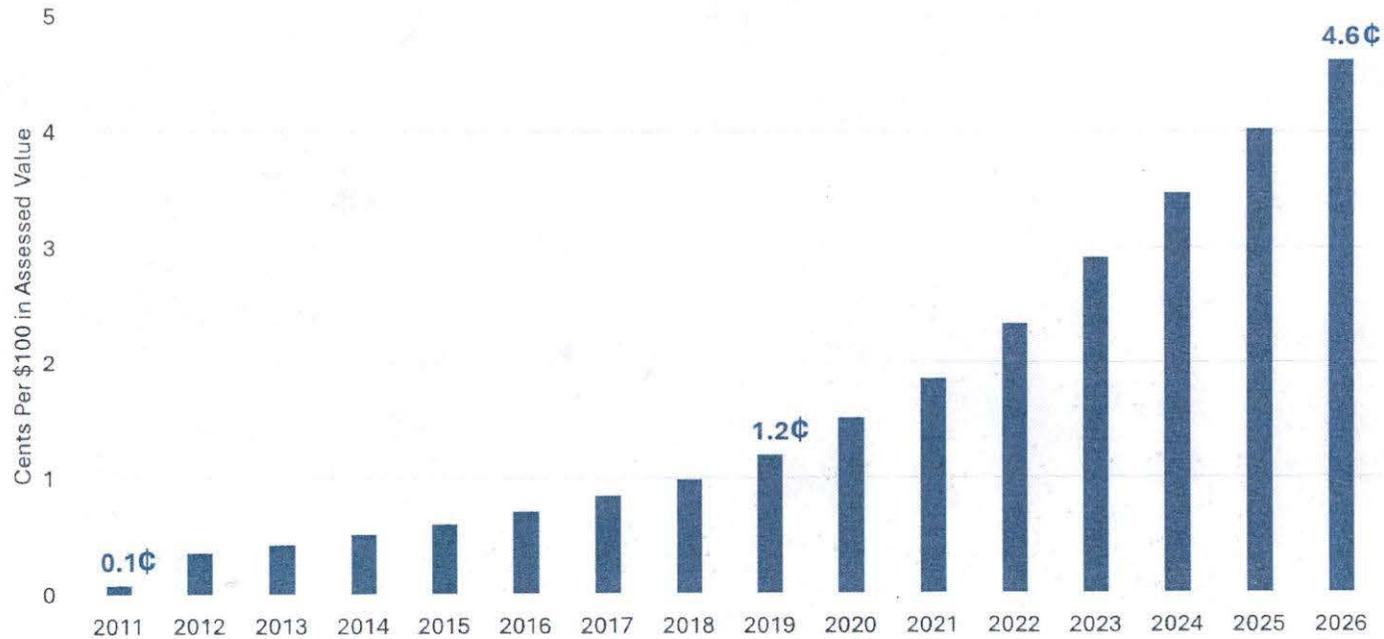


Source: Hampton Roads local governments and HRPDC. Estimates for 2026 are projected.



Hampton Roads Experience

Real Estate Tax Equivalency of Disabled Veterans Relief
(in cents per \$100 of assessed value)
Hampton Roads, 2011-2026



Source: Hampton Roads local governments and HRPDC. Estimates for 2026 are projected.



How Does Virginia Compare?

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

Approximately  33% reimburse local governments for **most or all of the lost revenue**

Approximately  20% 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 governments 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)

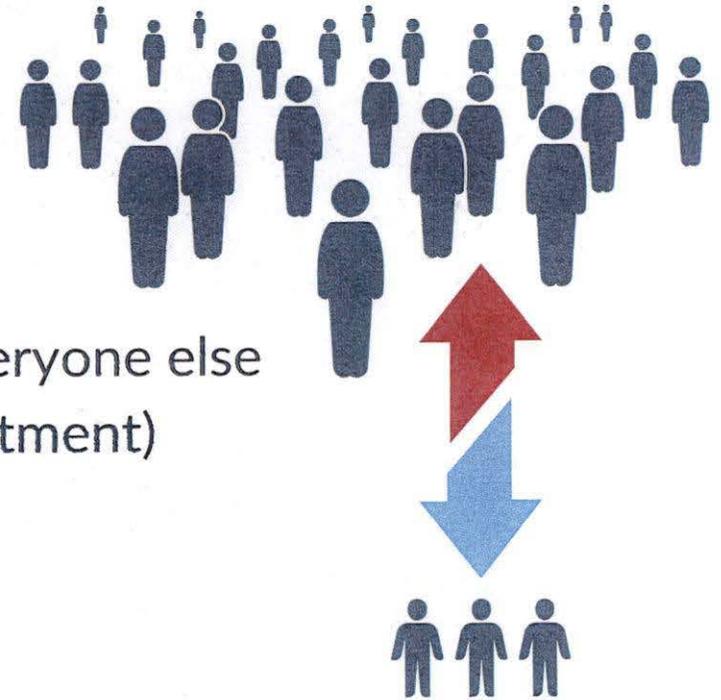
Additional Concerns For Our Residents

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

