



**State Fiscal Note for Bill
Number: 2018-H-7103**

Date of State Budget Office Approval:

Date Requested: Friday, February 02, 2018

Date Due: Monday, February 12, 2018

Impact on Expenditures

FY 2018 \$0
FY 2019 \$0
FY 2020 \$0

Impact on Revenues

FY 2018 \$0
FY 2019 \$0
FY 2020 \$0

**Explanation by State
Budget Office:**

This act would amend RIGL 44-3-4 entitled "Veterans' exemptions" and would exempt from taxation the property of each person that served in the military or naval service of the United States, or the unmarried widow or widower of that person, who was one hundred percent (100%) disabled owing to an injury or injuries sustained in training for combat duty at any time, and was honorably discharged from the service, or who was discharged under conditions other than dishonorable, or who, if not discharged, served honorably. This act would take effect upon passage.

**Comments on
Sources of Funds:**

No impact on state revenues or expenditures.

**Summary of Facts
and Assumptions:**

Local property taxes would be impacted by passage of this legislation. There are no statewide property taxes collected at the State level and thus there would be no impact to state revenues or expenditures from this bill.

**Summary of Fiscal
Impact:**

No fiscal impact at the state level is estimated from passage of this bill.

Budget Office Signature:

Fiscal Advisor Signature:

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Wednesday, February 14, 2018

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LOCAL FISCAL NOTE

Request Number: H1

Date Requested: 1/31/18

Bill Number: H7103

Date Due: 2/11/18

Committee: House Finance

Date Received: 2/1/18

Requested by: House Finance

Date Returned:

Subject/Title: Veteran's Exemption: Exemption for veterans who are 100% disabled owing to an injury or injuries sustained in training for combat duty at any time.

Facts/Assumptions for Basis of Estimate:

This act would amend RIGL 44-3-4 entitled "Veterans' exemptions" and would exempt from taxation the property of each person that served in the military or naval service of the United States, or the unmarried widow or widower of that person, who was one hundred percent (100%) disabled owing to an injury or injuries sustained in training for combat duty at any time, and was honorably discharged from the service, or who was discharged under conditions other than dishonorable, or who, if not discharged, served honorably. This act would take effect upon passage.

Currently, the law allows for a property tax exemption for 100% service-connected disabled veterans of \$1,000, however, most cities and towns grant exemption amounts in excess of the \$1,000. Calculating the fiscal impact to communities from passage of this bill contains many caveats that must be considered. First, there is no record keeping by either the municipal tax assessors or the RI Veteran's Administration as to the number of 100% disabled veterans owing to an injury or injuries sustained in training for combat duty at any time. Second, it was stated by both municipal tax assessors and the RI Veteran's Administration that this subset of veterans could already be qualified as 100% service-connected disabled by the municipality and are already included in the total exemptions granted by the city or town.

Summary of Local Fiscal Effect (Statewide)

The Division of Municipal Finance (DMF) has analyzed the potential fiscal impact on municipalities from passage of this bill. It is important to note that the fiscal impact calculated is based on estimates of (1) veterans who are currently classified 100% disabled, with proper validation from the Veterans Administration; (2) a statistical proration based on the number of 100% disabled veterans on a statewide basis; and (3) census data that also provides an estimate of disabled veterans in the state with a greater than 70% qualified disability, which is the only subset of disabled veteran's available through this resource. (The proposed legislation calls for an exemption of 100% disabled persons owing to an injury or injuries sustained in training for combat duty at any time.)

Based on the above data, passage of this bill would have minimal negative fiscal impact on municipalities. Municipal tax assessors, and the RI Veterans Administration have indicated that a number of 100% disabled veterans owing to an injury or injuries sustained in training for combat duty at any time, are presently receiving the 100% disabled veteran property tax exemption. Further, both the tax assessors and the RI Veterans Administration stated that it would be difficult to estimate the number of veterans who would qualify for this exemption in addition to the veterans currently receiving a 100% service-connected disability property tax exemption.

LOCAL FISCAL NOTE

DMF surveyed the municipal tax assessors to determine potential fiscal impact from passage of this bill. While assessors could not provide an estimate for 100% disabled persons owing to an injury sustained in training, a majority of the tax assessors were able to provide estimates of the number of 100% service-connected disabled veterans. For the communities that do not specify 100% service-connected disabled veterans on their tax certifications, estimates were made by a statistical comparison of communities with similar demographics.

Utilizing the calculations performed by DMF for the number of 100% service-connected disabled veterans, and an estimate of 17.5% (median value of the 10-25% estimate noted below) of current statewide fiscal impact, the total fiscal impact statewide could be approximately sixty-four thousand two hundred eighteen dollars (\$64,218).

FY2020 would be the earliest that fiscal impact could be realized, which would be based on assessment date 12/31/18. It is assumed that the statewide fiscal impact would be consistent in subsequent years since exemption amounts do not fluctuate much over time.

Please note: Both the municipal tax assessors and the RI Veterans Administration estimated that any additional exemptions for 100% disabled veterans owing to an injury or injuries sustained in training for combat duty, would be a fraction (10% - 25%) of the current fiscal impact of qualified 100% service-connected disability veterans who already receive the property tax exemption.