



## Legislation Text

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File #: 23-1163, Version: 1

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** JUNE 6, 2023

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**THROUGH:** JAMES F. PARAJON, CITY MANAGER /s/

**FROM:** KENDEL TAYLOR, INTERIM DEPUTY CITY MANAGER

**DOCKET TITLE:**

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance to adopt a reduced Real Estate rate as tax relief by establishing a new class of property for the surviving spouse of a member of the Armed Forces of the United States who died in the line of duty, based on a determination from the U.S. Department of Defense.

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**ISSUE:** Consideration of an ordinance to adopt a reduced Real Estate rate as tax relief by establishing a new class of property for the surviving spouse of a veteran who died in the line of duty as certified by the Department of Defense, implementing a Council initiative funded in the FY 2024 Approved Budget.

**RECOMMENDATION:** That Council approve the proposed ordinance on first reading on Tuesday, June 13, 2023, and schedule it for second reading, public hearing and final passage on Saturday, June 17, 2023.

**BACKGROUND:** Virginia Code Section 58.1-3228.2 was amended in 2022 by the adoption of HB 957. This state code amendment empowers localities to create a separate class of real property and establish a tax rate that shall not exceed the rate on other real property for the surviving spouse of a member of the Armed Forces of the United States who died in the line of duty, with a line of duty determination from the U.S. Department of Defense. The Code specifies that such death not be the result of criminal conduct. For eligibility, the amendment also requires that the surviving spouse not remarry, and that the real property serves as their principal place of residence.

**DISCUSSION:** Since 2015, following an amendment to the Virginia Constitution, the Code of Virginia has automatically exempted from Real Estate taxation, real property owned by the surviving spouse of veterans "Killed in Action." The 2022 code amendment was slightly different in that it added the surviving spouse of veterans "Killed in the Line of Duty."

As opposed to Killed in Action, Line of Duty deaths are generally unrelated to hostile action. An example might be that a soldier killed in a helicopter crash from mechanical failure would be designated as Line of Duty rather than Killed in Action because the soldier was not directly killed by enemy combatants.

Additionally, the present 2022 amendment is not a full exemption. City Council is only permitted to adopt a reduced tax rate for this class of property, but the rate cannot be zero. The proposed ordinance is effective as of Tax Year 2023.

**FISCAL IMPACT:** The FY 2024 Approved Budget already has a \$25,000 revenue reduction factored into the Real Estate tax relief estimate in anticipation of a Line of Duty ordinance. This is based on maximum anticipated participation of approximately three properties and a Real Estate tax rate for qualifying properties reduced from \$1.11 to \$0.01 per \$100 of assessed valuation. City Council can choose to adopt a different rate if it so desires, as long as the rate does not exceed the general rate of \$1.11.

According to the Virginia Department of Veteran Services, the Department of Defense Office of Actuary reported a total of only 182 surviving spouses living in all of Virginia as of September 30, 2021, and this number includes surviving spouses of both Killed in Action and Line of Duty veterans; and, not all of these own real estate.

Fairfax County and Loudoun County have both implemented this program, and the City's estimate of three properties is reasonable compared to the estimates in those localities. For perspective, the City only has one property owner who qualifies under the Killed in Action exemption.

**ATTACHMENTS:**

1. Ordinance Cover
2. Proposed Ordinance

**STAFF:**

Kevin C. Greenlief, Assistant Director, Revenue Division, Department of Finance  
Sarah McElveen, Assistant City Attorney