

JAN 13 2011

STATE SENATOR
LISA BAKER
20TH SENATORIAL DISTRICT

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Senate of Pennsylvania

January 13, 2011

MEMORANDUM

TO: All Senators
FROM:  Senator Lisa Baker
SUBJECT: Disabled Veterans Real Estate Tax Exemption

Please join me in co-sponsoring legislation to amend 51 Pa C.S., Chapter 89 to provide several changes in the Disabled Veterans' Real Estate Tax Exemption Program.

The State Veterans Commission is the entity given the authority to oversee the real estate tax exemption provided for 100% disabled veterans. The Commission voted in June 2010 to approve legislative recommendations to address three separate issues. Two of their recommendations require enactment through statute and one of the recommendations calls for a constitutional amendment. This legislation will address both issues that require a statutory change.

- 1) The Commission is mandated to determine the "need" of the disabled veteran for the tax exemption before it is granted. Current law provides for a rebuttable presumption where 100% disabled veterans who have qualifying annual incomes less than \$75,000 are presumed to have the need for the tax exemption. However, spousal income and other possible household incomes are not permitted to be part of this calculation. My legislation will amend §8904 to require all household income be included when determining need.
- 2) The second issue the legislation will address are concerns expressed by the Commission regarding the amount of land that should be exempt from real estate taxes. In 2008, the Commonwealth Court ruled in Vanderhoef v. Susquehanna County Board of Assessment the Commission should determine need for the tax exemption for only the amount of land where the applicant primarily resides. The Commission subsequently established a

general rule that parcels of five acres or less containing the principal dwelling could qualify, while any additional acreage would not qualify unless the applicant can demonstrate need for further exemption. The Commission has requested this general rule of practice be placed in statute.

If you wish to co-sponsor this proposal, please contact Liz Clancy at LClancy@pasen.gov or by phone at 787-7428. If you or your staff has any questions on the legislation, please contact Aaron Shenck at ashenck@pasen.gov or by phone.

Thank you.

LB/ams