

My name is Jesiah Schrader. I served in the United States Army and The Pennsylvania National Guard. I am currently the Director of Pike County Veterans Affairs, the President of the Pennsylvania State Association of County Directors of Veterans Affairs, and a Commissioner on the State Veterans Commission. As a State Veterans Council Commissioner, I am the Chair for the Real Estate Tax Exemption Committee. Our purpose is to make recommendations on legislation, policy, and procedures regarding the implementation of the Real Estate Tax Program for the Veterans within this Commonwealth.

As a Veterans Service Officer (VSO) for several years and as a County Director, I assist Veterans, and their families every day. My office provides County, State, And Federal Benefits to the Veterans within the Community. There are 66 other County Veterans Affairs offices, all working to provide these same benefits for Veterans within their local communities. We work directly with the Veterans and their dependents, we are the ones meeting face-to-face to hear the Veteran's issues and concerns, and we are the ones to assist when the Veteran is in their most difficult of times.

I was asked to testify on behalf of the State Veterans Commission (SVC) regarding the Veterans Real Estate Tax Exemption Program (RETX). I will speak to what I believe and the State Veterans Commission has agreed upon without identifying any specific bill to agree or disagree with. On October 8, 2021, the State Veterans Commission unanimously passed provisions to Title 51 where within to;

- remove armed conflict or wartime service requirements
- Extend Real Estate Tax Exemption to surviving spouses of those that died in the line of duty, missing in action, or were determined posthumously to be 100% disabled (permanent)
- Remove any Killed in Action language and replace with "died in the line of duty"
- Allow Veterans who reside in a Long-Term Care Facility to still receive the exemption
- Removing VA Compensation from the financial determination regulations at the State Veterans Commission Level
- Definition of "were honorably discharged or released under honorable circumstances."

- Permanent and Total or Compensated at 100% Definition
  - Rated as 100% permanent and totally disabled or compensated at the 100% disability rate through the Individual Unemployability Program by the United States Department of Veterans Affairs
  - Adopt DMVA's document titled "Disabled Veterans' Real Estate Tax Exemption Program as approved talking points on DMVA's official position on the changes outlined on their authored document pertaining to the RETX Program.

The importance of the revisions is to include more Veterans and their Spouse, not to limit or constrict the Real Estate Tax Exemption Program.

The elimination of the armed conflict or wartime service requirements will include Veterans who served during a period the Federal Government has determined as Non-War time/Peacetime. Every Veteran who served Honorable during any period made a commitment to serve and defend this Country. During their service, they received injuries that led them to become disabled. Their Character of service should be the deciding factor--not *when they served*.

Extend Real Estate Tax Exemption to surviving spouses of those who died in the line of duty, missing in action, or were determined posthumously to be 100% disabled (permanent). Under current regulations, these Veterans do not meet the criteria for their surviving spouses to receive the RETX. The Spouses of Veterans that died in the Line of Duty who were serving their Country should be recognized and be permitted to receive the Real Estate Tax Exemption. Remove any Killed in Action language and replace with "died in the line of duty". This is because the familiarity of the Kill In Action (KIA) refers to individuals dying as *a result of combat*. Unfortunately, Veterans also die while not in combat and their spouses should be allowed to receive the Real Estate Tax Exemption.

Allow Veterans residing in a Long-Term Care Facility to still receive the tax exemption. It is unrealistic to expect Veterans who are residing in a nursing home or their spouse to continue to pay Real Estate Tax. There are many expenses involved with nursing home facilities and to have a spouse pick between losing their home or paying for the care the

Veteran needs to receive is not acceptable. The loss of benefits can create a financial burden on a Veteran and their spouse when the Veteran is already in need of physical care.

The removal of VA Compensation from the financial determination regulations at the State Veterans Commission Level is vital to all Veterans. The VA compensation rate is determined at the federal level. This level is not subject to the cost of living in any specific area. In some situations, the compensation amount limits a Veteran's access to financial assistance. Many Veterans are unable to secure employment because of their service-connected disability and need additional assistance to maintain financial stability depending on their geography and area cost of living.

The definition of "were honorably discharged or released under honorable circumstances." The definition will follow 38 U.S. Code § 101 Paragraph 18. The term "discharge or release" includes (A) retirement from the active military, naval, air, or space service, and (B) the satisfactory completion of the period of active military, naval, air, or space service for which a person was obligated at the time of entry into such service in the case of a person who, due to enlistment or reenlistment, was not awarded a discharge or release from such period of service at the time of such completion thereof and who, at such time, would otherwise have been eligible for the award of a discharge or release under conditions other than dishonorable.

Rated as 100% permanent and totally disabled or compensated at the 100% disability rate through the Individual Unemployability. The DMVA Chief Counsel rendered an opinion that the Constitutional provision of "total or 100% permanent disability" may include those rated as eligible for I/U.

Some County Directors and Commissioner have already made resolutions addressing these issues. They have recognized the shortcomings in the regulation and took preemptive measures within their power to alleviate them and to support the Veterans and their surviving spouses.

The eligibility requirements under Title 51 need to be modified to be more inclusive -- *not exclusive*. Pennsylvania legislature needs to support all Veterans and their Families. All Veterans

took an oath for this Country and some are limited in their abilities because of their service. Actions, not discussions, need to be taken to support Veterans. I have been aware of discussions on the topic of Tax provisions and necessary changes since I became a Veterans Service Officer (VSO) in 2015, and I know this has persisted. The State Veteran Commission was constructed to advise the state legislation on Veterans issues, to be the voice for and represent all Veterans within the Commonwealth. We have endorsed our recommendations for the provisions to Title 51 Unanimously.

How much longer will the disservice to the ones who served continue? How long will our recommendations remain idle?

Enclosures:

SVC RETX Committee Memorandum October 14, 2021

Disabled Veterans' Real Estate Tax Exemption (RETX) Program

## Disabled Veterans' Real Estate Tax Exemption (RETX) Program

Veterans around the Commonwealth have expressed concerns that the current eligibility criteria create inequity in determining which Veterans receive the RETX benefit. The recommendations provided within this document are from continued discussions with the County Commissioners Association of Pennsylvania (CCAP), Pennsylvania Association of County Directors of Veterans Affairs, the State Veterans Commission (SVC), and the Department of Military and Veterans Affairs (DMVA).

### Background:

The RETX Program provides county tax exemptions for the Veterans' primary residence. The Pennsylvania Constitution, Pennsylvania Statutes Title 51 Pa. CSA. Military Affairs and the Pennsylvania Code define eligibility as a Veteran of the United States Armed Forces who; is a resident of the Commonwealth, discharged under conditions other than dishonorable, that served during wartime or armed conflict, deemed 100% service-connected disabled (total or permanent disability), and has a demonstrated financial need. The laws extend the benefit to the unmarried surviving spouse of a Veteran who met the criteria before passing.

### Wartime Service.

The Wartime Service requirement does not require a Veteran to be wounded or injured in direct combat or even on an overseas deployment; the only requirement is that an injury occurs within a particular set of dates determined in federal law. Veterans outside these dates could sustain service-connected injuries in the same manner as those during Wartime service, but they would not be eligible. There are currently 14,426 residences owned by eligible disabled Veterans or their unmarried surviving spouses for exemption from real estate taxes under this program. By removing the wartime service or armed conflict requirement, over 45,000 Veterans would meet the program's basic disability requirement. This number is before applying all other eligibility criteria, which will reduce the overall number. The proposed language removes both the Wartime service requirement, thereby applying the additional RETX standards equally to all disabled Veterans.

### Service-Related Deaths.

When a service member dies while on active service, their unmarried surviving spouse is not eligible because the USDVA never rated the servicemember as 100% permanent and totally disabled. Many of these Gold Star Spouses and military widows/widowers have contacted the DMVA expressing frustration with this omission. Unmarried surviving spouses of Veterans who the USDVA has granted the 100% disability rating are eligible for RETX, creating an unequal system. Undoing this injustice requires the language we are proposing to allow the unmarried surviving spouses of those who died in the line of duty or were posthumously rated 100% to receive the RETX benefit.

### Individual Unemployable.

The United States Department of Veterans Affairs (USDVA) pays many Veterans at the 100% disabled rate that may be rated as low as 60% disabled. These Veterans qualify for the RETX under the USDVA program called Individual Unemployability (I/U). To be eligible for Individual Unemployability payments at 100%, a Veterans must have; at least one service-connected disability rated at 60% or more disabling, or two or more service-connected disabilities—with at least one rated at 40% or more disabling and a combined rating of 70% or more. And documentation that the Veteran cannot hold down a steady job that supports them financially because of their service-connected disability. The number of Veterans in the state receiving USDVA compensation at 70% or higher is 56,908 as of the federal fiscal year 2019. The DMVA Chief Counsel rendered an opinion that the Constitutional provision of "total or 100% permanent disability" may include those rated as eligible for I/U. Maintaining I/U eligibility requires the proposal having language specifying eligibility for those compensated at 100% through the I/U program.

#### Residents of Long-Term Care Facilities.

The current language of the RETX program requires Veterans to own and occupy the residence for which the taxes will be exempt. This requirement creates issues in certain limited situations. There are times when Veterans may temporarily or permanently reside within Long-Term Care Facilities, either private, State Veterans Home, or a USDVA facility. In these cases, the otherwise eligible Veteran loses the RETX benefit. The loss of benefits can create a financial burden on a Veteran and their spouse when the Veteran is already in need of physical care. The proposed language allows Veterans residing in a Long-Term Care facility to remain eligible for RETX if they still own the residence.

#### Current Law and References:

Article VIII, Section 2(c) of Pennsylvania's Constitution establishes veterans' eligibility criteria to receive the RETX benefit. To amend the Pennsylvania Constitution, the General Assembly must approve the proposed constitutional amendment in two different sessions; it's placed on the ballot and approved by Pennsylvania voters.

Title 51 Pa CS Chapter 89 provides the statutory provisions for the RETX program. Once the constitutional amendment is approved, the General Assembly will need to amend several sections of Title 51; § 8902, related to eligibility; § 8903 pertaining to the tax assessment board; and § 8904 related to the duties of the SVC.

43 Pa Code Chapter 5, Subchapter C (43 Pa Code § 5.21 – 5.27) implements the program's constitutional provisions. Specifically, this chapter outlines the eligibility criteria, application process, periodic review, and appeals process. Changes to the code will be the last step in implementing the necessary changes.

#### Recommendations:

Proposed Amendment to Article VIII, Section 2(c) would make the following changes:

1. Remove the Wartime Service/armed conflict requirement. Rescinding this condition would expand the benefit to disabled Pennsylvania Veterans regardless of service date.
2. Extends the RETX to unmarried surviving spouses of those died in the line of duty or determined to be 100% disabled posthumously.
3. Keep those eligible under I/U by specifying eligibility for Veterans compensated at the 100% disability rate through the Individual Unemployability program.
4. Ensure Veterans who reside in Long-Term Care facilities (i.e., State Veterans Home or VA Hospital) still receive the exemption.

Following changes in the PA Constitution, the General Assembly will need to amend Title 51 to conform with the new program. Part of this process should include considering removing the Veterans Affairs compensation from the determination of need in the Title 51 or 43 PA Code.

#### Proportional RETX Benefits:

In prior sessions of the Pennsylvania General Assembly, members introduced legislation to make the RETX benefit proportional; such a change would dramatically expand the program. The general concept of a proportional RETX would give the same percentage of real estate tax exemption as the Veteran's rating from the USDVA. This expansion would cause an administrative burden on the DMVA and drastically reduce the local taxing authority's revenue. The DMVA estimates a proportional RETX could add 82,000 more Veterans to the program. Veterans ratings can change frequently. Proportional RETX would require the DMVA and the SVC to reassess eligible Veterans rating continually. For these reasons, DMVA cannot support changes to RETX, which includes proportional RETX benefits.