MEMORANDUM

DATE: April 26, 2016

TO: All Members of the Delaware State Senate and House of Representatives

FROM: Ms. Daniese McMullin-Powell, Chairperson
State Council for Persons with Disabilities

RE: S.B. 186 (Disabled Veteran School Tax Refund Fund)

The State Council for Persons with Disabilities (SCPD) has reviewed S.B. 186 which creates a Disabled Veteran School Tax Refund Fund to provide property tax refunds to individuals who are disabled veterans of the United States Armed Forces. Specifically, the bill would establish a fund of $3,000,000 to cover the cost of maximum school tax refunds as follows:

- $200 for qualified veteran with a V.A. disability rating of 10% to 20%;
- $350 for qualified veteran with a V.A. disability rating of 30% to 50%;
- $500 for a qualified veteran with a V.A. disability rating of 60% or higher.

A qualified veteran would have to be legally domiciled in the State and the credit would only apply to the veteran's principal residence. Consistent with the attached fiscal note, the legislation is expected to benefit approximately 4,346 veteran homeowners in Delaware. Likewise, the fiscal note anticipates that the average refund under the bill would be $368.

SCPD endorses the proposed legislation since it would benefit veterans with disabilities and prioritize a higher refund based on extent of service-connected disability. However, SCPD also has the following observations.

First, the reference to "disabled veteran" does not reflect "people-first" language and is ostensibly disfavored under Title 29 Del.C. §608.
Second, if claims exceed the amount in the “Disabled Veteran School Tax Refund Fund”, the “shortfall” may be derived from “the general contingency appropriation in the Department of Education” (lines 8-9). Since the attached fiscal note only contemplates an annual cost of $1.6 million of the $3.0 million fund, there may not be a shortfall in the near future. However, this feature of the legislation may be of some concern to public educational interests.

Third, New Castle County already reduces the assessed value of homes owned by qualifying persons with disabilities. Consistent with the attached NCC summary, qualifying individuals are eligible for the following subsidy:

School Tax - They receive a reduction in their assessed value of up to $32,000. For loss of limbs or loss of limbs requiring home to be equipped with special fixtures, an additional $42,000 may be added to a maximum of $74,000. If the disability is Armed Forces Related, the taxpayer may receive an additional reduction of $5,000 off the assessed value of the residence for both County and School Taxes.

Thus, a veteran with a service-connected disability in New Castle County would ostensibly benefit from both a reduced “countable” assessment and the school tax refund authorized by this legislation.

Thank you for your consideration and please contact SCPD if you have any questions regarding our position or observations of the proposed legislation.

cc: Mr. Brian Hartman, Esq.
    Governor’s Advisory Council for Exceptional Citizens
    Developmental Disabilities Council

SB 186 disabled veteran school tax refund fund 4-19-16
BILL: SENATE BILL NO. 186
SPONSOR: Senator Townsend
DESCRIPTION: AN ACT TO AMEND TITLE 14 AND TITLE 29 OF THE DELAWARE CODE RELATING TO SCHOOL TAXES.

ASSUMPTIONS:

1. This Act is effective upon signature of the Governor.

2. This Act will create the Disabled Veteran School Tax Refund Fund whereby a resident who is a disabled veteran, regardless of age, and owns and occupies a principal residence, will receive a refund against school property taxes depending on his/her disability rating. A qualified individual with a disability rating of 10% to 20% may receive a refund of $200; a rating of 30% to 40% may receive a refund of $350; and a rating of greater than 60% may receive a refund of $500.

3. An individual qualified to receive the Disabled Veteran School Tax Refund and the Senior School Property Tax Refund will only receive one refund from either program, but not both.

4. There are an estimated 4,346 disabled veteran property owners under the age of 65 who would be eligible to receive the Disabled Veteran School Tax Refund pursuant to this Act. Below is the methodology used to develop this estimate based on the assumptions as indicated:

   A. Number of Veterans in Delaware Receiving Disability Compensation: 11,404
   B. Homeowner Rate in Delaware: 72.5%
   C. Estimated Disabled Veterans Owning a Home: 8,268 (A * B = C)
     D. Percentage of Delaware Veterans 65 or older: 47.4%
     E. Estimated Disabled Veterans 65+ Receiving Sr. Property Credit: 3,922 (C * D = E)
     F. Estimated Disabled Veterans Eligible for Disabled Veteran Refund: 4,346 (C - E = F)

5. Based on Information from the Department of Finance, the estimated average Senior School Property Tax Credit is $368 and this value is assumed as the average refund for the Disabled Veteran School Tax Refund.

6. This Act establishes the Disabled Veteran School Tax Refund Fund at $3,000,000. However, the projected impact of the program is less than the $3,000,000 identified in the Act.

Cost:

Fiscal Year 2017: $1,599,300
Fiscal Year 2018: $1,599,300
Fiscal Year 2019: $1,599,300

(Amounts are shown in whole dollars)
How Do Disability Ratings Work for Veterans Benefits?

The Department of Veterans Affairs uses a disability rating system to determine the amount of compensation provided to disabled Armed Forces veterans.

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Make the most of your claim. We’ve helped 225 clients find attorneys today.

Has the applicant previously applied for social security disability?  Step 1 of 8

--Select an answer--   

show all options

by Jean C. O'Neill (/law-authors/jean-c-oniell.html), Contributing Author

Veterans of the United States Armed Forces with disabilities connected to, or aggravated by, active service may be eligible for veterans disability benefits. After the veteran has applied for benefits, the Department of Veterans Affairs (VA) evaluates the medical evidence and determines whether or not the veteran qualifies for benefits. The VA then assigns the disability a rating level, which dictates the amount of monetary compensation the veteran will receive due to his disability or disease.

Disability Ratings

In order to qualify for veterans disability benefits, certain criteria must be met. (See our article on filling for veterans disability benefits (http://www.disabilitysecrets.com/resources/disability/veterans-...
If the VA determines that a the veteran qualifies for disability benefits, it assigns the disability a rating to signify the extent of the disability or disease. The disability rating represents the "average detriment to earning capacity" resulting from the disability or disease.

The ratings are assigned in 10% increments, ranging from 10% to 100% disabled. A higher disability rating indicates the veteran has a more severe disability, and therefore receives a higher monthly compensation payment. For example, under the current wartime rates for veterans without dependents, a 10% disabled veteran is entitled to receive $123 per month, a 50% disabled veteran is entitled to receive $770 per month, and a 100% (or totally) disabled veteran is entitled to receive $2,673 per month. Generally, the compensation rates are subject to an annual cost of living increase.

The law also provides for special compensation rates for many enumerated, more serious disabilities or injuries. Injuries such as loss of a single hand or foot, blindness or severe injury to one eye, loss of ability to speak, and deafness, to name a few examples, are entitled to an increase of $96 per month per injury (maximum $4,667 per month) above the base compensation rate. Loss of both hands, both feet, blindness in both eyes, or a permanent bedridden state entitles the veteran to $3,327 compensation per month. The law also lists several other disabilities that may merit higher, specific payments. Additionally, the statute allows for the Secretary of the VA to approve higher payments for more severe disabilities if necessary, with a maximum of $4,667 per month.

Rating for Multiple Disabilities

When a veteran has more than one disease or disability, the disability ratings are not simply added together (for example, a 40% disability rating plus a 20% disability rating does not equal a total 60% disability rating.) Instead, a formula is used to determine the total disability rating level for multiple disabilities. First, the disabilities are ranked from most to least severe. Then, it is determined what percentage of efficiency the veteran retains after the first, most severe disability. For example, if the veteran's most severe disability is rated at 40%, he is still 60% efficient.

After that, the second most severe disability is considered. That second disability rating is applied to the vet's remaining efficiency. For example, if the veteran after the first disability has a remaining 60% efficiency, and his second most severe
disability has a 20% disability rating, then 20% of the 60% efficiency is calculated – in this case, 12%, and that number is added to the original disability rating (40% plus 12% equals 52% disabled).

The new disability rating is rounded up or down to the closer 10% increment. In the example above, the 52% rating would be rounded down to a 50% disability rating, and that veteran would be considered 50% disabled.

Reexamination and Changes to Disability Ratings

Once a disability rating is assigned, it may be subject to change in certain circumstances. For example, the VA may require medical re-examination of the veteran six months after leaving service, and then again between two and five years later. The VA does this to verify either the continued existence of or the current severity of a disability, particularly in cases where it is likely that a disability has improved, or if evidence indicates there has been a material change in a disability, or that the current rating may be incorrect. In such cases it is possible that the rating and benefits may be reduced or discontinued.

Re-examination would not likely occur in cases where the disability was determined at the outset to be permanent, in cases where the disability has not sustainably improved in five years, or in cases where the veteran is older than 55 years of age and his rating would not be changed by reexamination.

A veteran receiving benefits may file VA Form 21-4138 to request a new evaluation if he develops a new disability or disease connected to his service, or if he finds his condition worsening. The VA may then increase the veteran's disability rating and therefore increase the monthly compensation.

When Benefits Cannot Be Reduced

The VA cannot reduce a disability rating for a veteran with a 100% disabled rating unless there is a medical examination or evidence of ability to maintain employment for 12 consecutive months that shows "material improvement" in his physical or mental condition.

If a veteran has been deemed to have permanent and total disability and has been receiving disability benefits for twenty years or more, his benefits cannot be reduced. If the veteran's disability is less than permanent and total, and the
veteran has been receiving disability benefits for twenty years or more, and upon re-examination by the VA the veteran's disability rating is lowered, the amount of compensation will not drop below the original level. For example, if the veteran has been deemed to be 40% disabled for a period of twenty continuous years or more and is then re-evaluated to be only 30% disabled, the amount of his benefits will not drop below the 40% compensation rate.

Learning More

For information on applying for benefits, and how veterans disability benefits relate to Social Security disability benefits, see our section on veterans benefits (http://www.disabilitysecrets.com/topics/social-security-disabled-veterans). If you disagree with your disability rating and wish to challenge it, arrange a consultation with a disability lawyer certified with the VA (http://www.disabilitysecrets.com/consultation/request_details?).

Talk to a Lawyer

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Zip Code: Enter Zip Code

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Tax Exemptions

Partial tax exemptions are available for some taxpayers. Those who are disabled or over 65 may be eligible, depending upon income levels. Exemptions for non-profit organizations and for agricultural property are also available, provided conditions are met. The exemption application provides more complete information on eligibility requirements.

Applications

- Disability and Over-65 Exemption Requirements
- Disability Exemption
- Over-65 Exemption
- Farmland Exemption
- General Exemption
- Senior School Property Tax Credit Application
- Sewer Clean-out Reimbursement Exemption
- Wilmington Tax Exemption

Contact Us

Address:
Office of Assessment
NCC Government Center
87 Reads Way
New Castle, DE 19720

Phone: (302) 395-5520
Senior & Disability Property Tax Discounts
Qualification & Deadline Requirements

Over 65 Exemption Qualifications:

- Applicant must be 65 years of age before July 1st of the year you wish to apply.
- Must be your primary residence and you must have been living in the State of Delaware for a period of 3 years prior to October 1st of the preceding year of application.
- Must be an owner of record.
- Assessed value of the property cannot exceed $125,000. For those whose value exceeds the $125,000 limit, and their Adjusted Gross Income (A.G.I.) less taxable Social Security does not exceed $3,000, the State Senior Property Tax Exemption of $5,000 will apply.
- Applicant’s household A.G.I. from Federal Forms 1040 or 1040A from the preceding calendar year must be no greater than $50,000 (single or married) not including Taxable Social Security or Railroad Retirement (Tier 1) to qualify for the County Property Tax reduction. In order to receive the Reduction on both County and School, the limit is as follows: Single-$15,000 Married $19,000 not including Taxable Social Security, or Railroad Tier 1 Retirement.
- County Tax, School Tax and Sewer service charge accounts with New Castle County must be current; or the applicant must be actively enrolled and making payments according to a schedule set and approved by the Finance Department.
- Application must be signed and dated. (No photocopied applications allowed.)

Deadlines

- Applications are due in the Office of Property Assessment by June 1st.
- Exemptions become effective July 1st.
- If an applicant that has been approved and was receiving the exemption on or before July 1, 2007 at their previous residence, and has moved to another residence in New Castle County, an application of transfer must be filed including proper income and residency documentation with the Office of Property Assessment within 30 days of settlement in order to continue receiving a reduction on future bills at the new residence.

Benefits-(applicants approved July 1, 2007 and before):

- Sewer Service charge – receive 50% off that charge, or the minimum bill charge ($36), whichever is higher.
- County Tax – Assessed value reduced up to $50,000
- School Tax – Assessed value reduced up to $32,000
• Sewer Lateral Cleanout – they receive a reimbursement of up to $75, once every 12 months for charges incurred for sewer lateral clean-out.

Benefits—(applicants approved July 1, 2008 and thereafter):

• Sewer Service charge – receive 50% off that charge, or the minimum bill charge ($50), whichever is higher.
• County Tax – Assessed value reduced up to $32,000 (for A.G.I. $50,000 or less, Household Income)
• School Tax – They receive a reduction in their assessed value of up to $32,000 (for A.G.I. of $19,000 or less for a married couple and $15,000 or less for a single person)
• Sewer Lateral Cleanout – They may be eligible to receive a reimbursement of up to $75 once every 12 months, of charges incurred for sewer lateral clean-out for those receiving the exemption.

Disability Exemption Qualifications:

• Property must be applicant’s primary residence and applicant must have been living in the State of Delaware for a period of 3 years prior to October 1st of the year of application.
• Must be an owner of record.
• Applicant must provide their current Social Security Award Notification, or have their treating physician sign the application attesting to the stated disability (must be original signature, no photocopies allowed)
• Applicant’s A.G.I. from Federal 1040 or 1040A form for the preceding calendar year must be $50,000 or less in household income (single or married) not including Railroad Retirement Tier 1 or Taxable Social Security.
• County Tax, School Tax, and Sewer Service Charges must be current with New Castle County, or the applicant must be actively enrolled in a payment plan according to a schedule set-up and approved by the Finance Department.

Deadlines:

• Original Exemption applications must be received no later than June 1st
• Exemption becomes effective July 1st.
• If an applicant has been approved for this exemption on or before July 1, 2007, and moves to a new property within New Castle County and files an application of transfer within 30 days of settlement including proper income and residency documentation with the Office of Property Assessment, the exemption will be applied to their new primary residence.
Benefits- (Applicants approved prior to July 1, 2008):

- Sewer Service Charge – receive 50% off that charge, or the minimum bill charge ($50), whichever is higher.
- County Tax – They receive a reduction in their assessed value of up to $40,000. For loss of limbs or loss of limbs requiring home to be equipped with special fixtures, an additional $42,000 may be added to a maximum of $82,000.
- School Tax – They receive a reduction in their assessed value of up to $32,000. For loss of limbs or loss of limbs requiring home to be equipped with special fixtures, an additional $42,000 may be added to a maximum of $74,000.
- Sewer Lateral Cleanout - They may be eligible to receive a reimbursement of up to $75 once every 12 months, of charges incurred for sewer lateral clean-out for those receiving the exemption.

Benefits- (Applicants approved July 1, 2008 and thereafter):

- Sewer Service Charge – receive 50% off that charge, or the minimum bill charge ($50), whichever is higher.
- County Tax – They receive a reduction in their assessed value of up to $32,000. For loss of limbs or loss of limbs requiring home to be equipped with special fixtures, an additional $42,000 may be added to a maximum of $74,000.
- School Tax – They receive a reduction in their assessed value of up to $32,000. For loss of limbs or loss of limbs requiring home to be equipped with special fixtures, an additional $42,000 may be added to a maximum of $74,000.
- Sewer Lateral Cleanout - They may be eligible to receive a reimbursement of up to $75 once every 12 months, of charges incurred for sewer lateral clean-out for those receiving the exemption.

Please Note: If the disability is Armed Forces Related, the taxpayer may receive an additional reduction of $5,000 off the assessed value of the residence for both County and School Taxes.

Regarding Married Couples: Only one Exemption per household is allowed ex: One spouse is already receiving the discount and the remaining spouse turns 65 or becomes disabled, you can not get another discount in addition to the existing discount.
State of Delaware – Senior School Tax Credit:

- Applicant must be 65 years of age prior to July 1st of the year in which they wish to apply and must provide a legible copy of their unexpired Delaware Driver’s License or State of Delaware issued I.D.
- The property must be the applicant’s primary residence, and must be an owner of record.
- The applicant must have been living in Delaware a minimum of 3 years prior to April 30th of the year of application.
- The application must have the original signature (no photocopies)
- Tax and sewer accounts with NCC must be current. (No payment plan authorized for approval.)

Deadlines:

- Applications must be received by New Castle Treasury Department no later than April 30th.
- The Credit becomes effective July 1st of the year of application.

Benefits:

- School Tax, a credit of 50% of the School Tax line item, not to exceed a credit amount of $500