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SENATE BILL NO. 816**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance and Appropriations
on January 23, 2025)

(Patron Prior to Substitute—Senator Rouse)

*A BILL to amend and reenact §§ 58.1-3212, 58.1-3213.1, and 58.1-3215 of the Code of Virginia, relating to real property tax; exemption for elderly and disabled individuals.***Be it enacted by the General Assembly of Virginia:****1. That §§ 58.1-3212, 58.1-3213.1, and 58.1-3215 of the Code of Virginia are amended and reenacted as follows:****§ 58.1-3212. Local restrictions and exemptions.**

A. Pursuant to Article X, Section 6 (b) of the Constitution of Virginia, the General Assembly hereby authorizes the governing body of a county, city or town to establish by ordinance net financial worth or annual income limitations as a condition of eligibility for any exemption or deferral of tax allowed pursuant to this article. If the governing body establishes an annual income limitation, the computation of annual income shall be based on adding together the income received during the preceding calendar year, without regard to whether a tax return is actually filed, by (i) owners of the dwelling who use it as their principal residence, (ii) owners' relatives who live in the dwelling, except for those relatives living in the dwelling and providing bona fide caregiving services to the owner whether such relatives are compensated or not, and (iii) at the option of each locality, nonrelatives of the owner who live in the dwelling except for bona fide tenants or bona fide caregivers of the owner, whether compensated or not. A locality may provide in its ordinance that, for the purpose of the computation of annual income, if an individual described in clause (ii) and (iii) is permanently and totally disabled, any disability income received by such person shall not be included. If the governing body establishes a net financial worth limitation, net financial worth shall be based on adding together the net financial worth, including the present value of equitable interests, as of December 31 of the immediately preceding calendar year, of the owners, and of the spouse of any owner, of the dwelling.

Nothing in this section shall be construed or interpreted as to preclude or prohibit the governing body of a county, city or town from excluding certain sources of income, or a portion of the same, for purposes of its annual income limitation or excluding certain assets, or a portion of the same, for purposes of its net financial worth limitation.

Any county, city, or town that pursuant to this article provides for the exemption from, deferral of, or a combination program of exemptions from and deferrals of real property taxes may exempt or defer the real property taxes of the qualifying dwelling and the land, not exceeding ten acres, upon which it is situated.

No local ordinance shall require that a citizen reside in the jurisdiction for a designated period of time as a condition for qualifying for any real estate tax exemption or deferral program established pursuant to § 58.1-3210.

B. A locality may, by ordinance, require that in order to qualify for an exemption or deferral under this section, a qualifying individual shall be required to either (i) pay all delinquent taxes, penalties, and interest assessed by the locality and incurred prior to becoming eligible for an exemption or deferral; (ii) enter into an installment agreement with the locality for the payment of all such delinquent amounts in installments over a period that is reasonable under the circumstances, but that in no event shall exceed 72 months; (iii) submit and obtain the treasurer's agreement to an offer in compromise pursuant to § 58.1-3994 with respect to all amount of delinquent taxes, penalties, and interest; or (iv) a combination thereof. Compliance with the installment or accepted offer in compromise shall be a requirement of remaining eligible for an exemption or deferral.

§ 58.1-3213.1. Notice of local real estate tax exemption or deferral program for elderly individuals and individuals with disabilities.

The treasurer of any county, city, or town shall enclose written notice, in each real estate tax bill, of the terms and conditions of any local real estate tax exemption or deferral program established in the jurisdiction pursuant to § 58.1-3210. *Such information may also be included in the notice of change in assessment required to be sent pursuant to § 58.1-3330.* The treasurer shall also employ any other reasonable means necessary to notify residents of the county, city, or town about the terms and conditions of the real estate tax exemption or deferral program for elderly individuals and individuals with disabilities who reside in the county, city, or town, *including posting the program information on the county, city, or town website in a clear and conspicuous manner.*

§ 58.1-3215. Effective date; change in circumstances.

A. An exemption or deferral enacted pursuant to § 58.1-3210 or 58.1-3211.1 may be granted for any year following the date that the qualifying individual occupying such dwelling and owning title or partial title thereto reaches the age of 65 years or for any year following the date the disability occurred. Changes in

income, financial worth, ownership of property or other factors occurring during the taxable year for which an affidavit is filed and having the effect of exceeding or violating the limitations and conditions provided by county, city or town ordinance shall nullify any exemption or deferral for the remainder of the current taxable year and the taxable year immediately following. However, any locality may by ordinance provide (i) a prorated exemption or deferral for the portion of the taxable year during which the taxpayer qualified for such exemption or deferral or (ii) *a prorated exemption or deferral for the portion of the taxable year during which the taxpayer would have qualified for such exemption or deferral but had not yet filed an application. Any prorated exemption or deferral under clause (ii) shall apply only for the taxable year in which the taxpayer qualified for such exemption or deferral and not any prior year.*

B. An ordinance enacted pursuant to this article may provide that a change in ownership to a spouse or a nonqualifying individual, when such change resulted solely from the death of the qualifying individual, or a sale of such property shall result in a prorated exemption or deferral for the then current taxable year. The proceeds of the sale which would result in the prorated exemption or deferral shall not be included in the computation of net worth or income as provided in subsection A. Such prorated portion shall be determined by multiplying the amount of the exemption or deferral by a fraction wherein the number of complete months of the year such property was properly eligible for such exemption or deferral is the numerator and the number 12 is the denominator.

C. An ordinance enacted pursuant to this article may provide that an individual who does not qualify for the exemption or deferral under this article based upon the previous year's income limitations and financial worth limitations, may nonetheless qualify for the current year by filing an affidavit that clearly shows a substantial change of circumstances, that was not volitional on the part of the individual to become eligible for the exemption or deferral, and will result in income and financial worth levels that are within the limitations of the ordinance. The ordinance may impose additional conditions and require other information under this subsection. The locality may prorate the exemption or deferral from the date the affidavit is submitted or any other date.

Any exemption or deferral under this subsection must be conditioned upon the individual filing another affidavit after the end of the year in which the exemption or deferral was granted, within a period of time specified by the locality, showing that the actual income and financial worth levels were within the limitations set by the ordinance. If the actual income and financial worth levels exceeded the limitations any exemption or deferral shall be nullified for the current taxable year and the taxable year immediately following.