

# JOINT MEETING OF HOUSE CHILDREN AND YOUTH AND SENATE STATE AGENCIES AND GOVERNMENTAL AFFAIRS

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**Arkansas Department of Finance and Administration**

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# Motor vehicle – Veterans & Disabled Veterans





## DFA – Motor vehicle plates, fees, parking

- Veterans who qualify are eligible for DV and DAV plates for FREE.
- Veterans' spouses who qualify for DV and DAV plates may also purchase a plate for \$1.00.
- Veterans with DV and DAV plates may park in spaces for persons with disabilities.
- Veterans who own Hybrid and Electric Vehicles are not required to pay additional registration fees. (\$100.00 Hybrid and \$200.00 Electric).



# Definitions of DAV and DV

- DAV – 100 % Non-Service Connected Disabled Veteran.
- DV – 30 % or more Service Connected Disabled Veteran.



# DFA – Special license plates

- Members and veterans of the United States Armed Forces are eligible for certain special license plates.
  - Pearl Harbor Survivor
  - Medal of Honor Recipient
  - Disabled Veteran
  - Disabled Veteran: World War I
  - Purple Heart Recipient
  - A plate for a retired member of the United States Armed Forces
- A person who is eligible for a special license plate is limited to two plates free of charge.
- Department of Finance and Administration (DFA) may charge a fee of \$1.00 to defray costs.
- The second license plate is issued upon payment of the fee for registering and licensing the vehicle.
- An eligible person could receive three additional license plates (full price) and each additional plate would be issued upon payment of the fee for registering and licensing a vehicle.



# DFA – Special license plates

- Arkansas Gold Star Family License Plate
- Issued to an Arkansas resident Spouse, sibling, Child or parent of a member of the Armed Forces of the United States, killed in a conflict recognized by the United States Department of Defense, and who has received a Gold Star Lapel Button issued by the United States Department of Defense.



## DFA – Motor vehicle purchase

- Disabled Veterans are also eligible for sales tax exemptions on motor vehicles purchased with financial aid received from the Veterans Administration. An official letter from the Veterans Administration is required for this exemption.



# DFA – Veteran Designation

- Any Arkansas resident that served in the United States military and whose discharge status is either “honorable” or “general under honorable conditions” may apply to have a **Veteran Designation** placed on their drivers license or state ID.
- Must provide one of the following documents:
  - (i) United States Department of Defense DD Form 214 Certificate of Release or Discharge from Active Duty;
  - (ii) National Guard Bureau NGB Form 22 Report of Separation and Record of Service;
  - (iii) Veteran Identification Card issued by the United States Department of Veterans Affairs;
  - (iv) United States Department of Defense Form DD 256;
  - (v) United States Department of Defense Form DD 257;
  - (vi) United States Department of Defense Form DD 2, Retired; or
  - (vii) United States Department of Defense Form DD 2, Reserve Retired;





# Ad Valorem – Property Taxes Disabled Veterans





# Property Taxes

Disabled veterans, surviving spouses, and minor dependent children

- A disabled veteran who has been awarded special monthly compensation by the Department of Veterans Affairs for:
  - the loss of, or the loss of use of, one (1) or more limbs,
  - for total blindness in one (1) or both eyes
  - or for service-connected one hundred percent (100%) total and permanent disability

shall be exempt from payment of all state taxes on the homestead and personal property owned by the disabled veteran.



# Property Taxes

## Home sale or purchase

- Sale **prorated to the date of sale** disabled veteran owes no tax for the portion of the year home claimed as their homestead, and the **purchaser is liable only for taxes relating to the balance of the year.**
- Purchases **prorated to the date of sale** disabled veteran owes no tax for the portion of the year the home claimed as a homestead, and the **seller is liable only for the taxes relating to the balance of the year.**
- Upon request by the disabled veteran, the county collector shall make such record entries as may be necessary to effect the proration.



# Property Taxes

## Change upon death

- Natural death - The surviving spouse and minor dependent children of the disabled veteran shall be exempt from payment of all state taxes on the homestead and personal property owned by them
- Active Duty death or service connected death - The surviving spouse and minor dependent children of a member killed, or who dies while within the scope of his or her military duties, or who is missing in action, or died from service-connected causes, as certified by the department, shall also be exempt from payment of all state taxes on the homestead and personal property owned by the surviving spouse and minor dependent children.
- Spouse remains unmarried - The surviving spouse shall be entitled to the exemption provided for in this section so long as the surviving spouse remains unmarried.



# Property Taxes

## Change upon death (spouse reinstatement)

- The surviving spouse's exemptions provided for in this section are reinstated upon the termination of the surviving spouse's subsequent marriage.
- A surviving spouse shall be eligible for reinstatement of the homestead and personal property tax exemption upon termination of a subsequent marriage and until the surviving spouse remarries.
- The exemption provided in this section for surviving minor dependent children shall be available to the surviving children during their minority.
- “personal property” means only those items of tangible personal property used for other than a commercial or business purpose.



# Property Taxes

## Proof of disability letter

- A disabled veteran shall furnish to the county collector a letter from the department verifying receipt of special monthly compensation
- A surviving spouse or minor dependent child of a deceased disabled veteran desiring to claim the exemption provided in this section shall furnish the county collector a letter from the department verifying the deceased disabled veteran was at the time of death entitled to receive a special monthly compensation
- The surviving spouse or minor dependent child of the deceased disabled veteran shall furnish the county collector with an affidavit signed by the surviving spouse or minor dependent child stating that the surviving spouse or minor dependent child is a surviving spouse or minor dependent child of the named deceased disabled veteran.



# Property Taxes

## Misc.

- Only a disabled veteran and a surviving spouse and minor dependent child of a disabled veteran who are citizens and residents of the State of Arkansas shall be eligible for the exemption provided in this section.
- Any person evading or violating any provision of this section or attempting to secure benefits under this section to which he or she is not entitled shall be guilty of a violation and upon conviction shall be fined in any sum not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000).
- A person claiming the property tax exemption authorized by this section shall not be entitled to claim the property tax credit authorized in § 26-26-1118.



# Property Taxes

## Misc. (cont.)

- If a person has established eligibility for the property tax exemption created under this section, the person shall be exempt from the date the person's eligibility is established regardless of the date the lien for the property taxes attached.
- Upon request by a county in which a person eligible for the property tax exemption created under this section is claiming an exemption for his or her homestead, a county collector shall provide the information or documentation necessary to demonstrate that the person established eligibility for the exemption created under this section in a county in which the person previously claimed a homestead.





## Surrounding states - Texas

- If the veteran is 100% disabled, the veteran's homestead is completely exempt.
- Applies to the surviving spouse of a disabled veteran so long as the surviving spouse does not re-marry, and the property was the married couple's homestead and remains the surviving spouse's homestead.
- Texas does not tax tangible personal property that is not producing income, although local jurisdictions can elect to tax tangible personal property.



## Surrounding states - Oklahoma

- Disabled veterans exempt from sales taxes.
- The Oklahoma Tax Commission issues the disabled veteran proof of eligibility which the veteran must provide to the vendor.
- 100% disabled veterans and their surviving spouses are granted an exemption from all property taxes on their homestead property.
- Veterans qualify by presenting the original USDVA qualifying letter to the county assessor.
- The veteran is only required to present the qualifying letter once unless requested to do so or if the veteran moves to a new homestead.



## Surrounding states - Missouri

- Real property used as a homestead by any prisoner of war or 100% disabled veteran is exempt from taxation.



## Surrounding states - Tennessee

- The applicant must have suffered a service-connected disability that resulted in (a) paraplegia, (b) permanent paralysis of both legs and lower part of the body resulting from traumatic injury or disease to spinal cord or brain, (c) loss or loss of use of two or more limbs, or (d) legal blindness. USDVA determination letter governs.
- The property must be the DV's primary residence
- Anything over \$175,000 in value is taxed.



## Surrounding states - Mississippi

- Exempts from ad valorem taxes two motor vehicles owned by a disabled veteran and his or her spouse.
- Exempts from taxation the homesteads of disabled veterans not in excess of \$7500 of assessed value thereof.
- If the veteran or his or her spouse is aged 65 or older, the property is entirely exempt from taxation.



## Surrounding states - Louisiana

- Constitutional amendment, exempted from ad valorem taxes homesteads of 100% disabled veterans and their surviving spouses. USDVA governs eligibility. La. Const. Art. VII, s 21.



# Individual Income Tax – Exemptions for Military Pay and Retirement Pay





# Service Pay and Allowances – Active-Duty Members of the Armed Forces

- The service pay or allowance received by an active-duty member of the armed forces is exempt from income tax.
- “Active-duty member of the armed forces” means a member in the armed forces of the United States, including without limitation full-time training duty, annual training duty, and attendance while in the active military service at a school designated as a service school by law or by the secretary of the relevant military department.
- “Armed forces” means the United States Army, United States Navy, United States Air Force, United States Marine Corps, and United States Coast Guard, the National Guard, and the reserve components of the United States Army, United States Navy, United States Air Force, United States Marine Corps, and United States Coast Guard.





# Service Pay and Allowances – Active-Duty Members of the Armed Forces

“Armed forces” does not include:

- (i) A military technician (dual status) under 10 U.S.C. § 10216(a)(1);
  
- (ii) The National Oceanic and Atmospheric Administration Commissioned Officer Corps; or
  
- (iii) The United States Commissioned Corps of the Public Health Service.



# Service Pay and Allowances – Members of the Armed Services

- Any member of the armed services of the State of Arkansas or the United States is not liable for or required to pay any income tax on the first nine thousand dollars (\$9,000) of service pay or allowance.
- “Armed services” means the National Guard, reserve components of the armed forces, United States Army, United States Navy, United States Marine Corps, United States Coast Guard, United States Air Force, National Oceanic and Atmospheric Administration Commissioned Officer Corps, and United States Commissioned Corps of the Public Health Service.



# Retirement Benefits or Survivor Benefits – Members of the Uniformed Services

- Retirement benefits received by a member of the uniformed services from any of the uniformed services are exempt from income tax.
- Survivor benefits that are funded by the retirement pay of a member of the uniformed services are exempt from income tax.
- A “member of the uniformed services” means a retired member of any of the following:
  - The United States Army, the United States Marine Corps, the United States Navy, the United States Air Force, or the United States Coast Guard;
  - A reserve component of any of the United States Armed Forces;
  - The National Guard of any state;
  - The commissioned regular or reserve corps of the United States Public Health Service; or
  - The National Oceanic and Atmospheric Administration Commissioned Officer Corps.



# Retirement Benefits or Survivor Benefits – Members of the Uniformed Services

- A taxpayer claiming an exemption for military retirement benefits or survivor benefits is not eligible for the exemption of the first \$6,000 of retirement benefits from an individual retirement account or retirement benefits received from public or private employment-related retirement systems, plans, or programs.



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