Government of the District of Columbia
Office of the Chief Financial Officer

Glen Lee
Chief Financial Officer

<u>MEMORANDUM</u>

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Glen Lee** **Chief Financial Officer**
DATE:	**October 14, 2025**
SUBJECT:	**Fiscal Impact Statement – Veteran Spouse Homestead Deduction Amendment Act of 2025**
REFERENCE:	**Bill 26-10, Draft Committee Print as provided to the Office of Revenue Analysis on October 10, 2025**

Conclusion

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The bill's implementation will reduce real property tax collections by approximately $47,000 annually. This revenue impact was incorporated into the fiscal year 2026 through fiscal year 2029 budget and financial plan.

Background

The District offers homestead deductions for property owners who live in their homes. These deductions reduce the assessed value of a home when calculating the property taxes owed. When a homeowner qualifies for the homestead deduction and is a veteran meeting certain disability and income requirements, they can receive a reduction to their property's assessed value of $445,000.[1]

The bill extends the disabled veteran's homestead deduction to the veteran's eligible spouse. The bill defines an eligible spouse as a surviving spouse or domestic partner whose real property was receiving the disabled veteran's homestead deduction at the time of the veteran's death or whose property would have been eligible prior to the veteran's death had the veteran applied for the deduction.

[1] Disabled Veterans Homestead Exemption Amendment Act of 2022, effective September 21, 2022 (D.C. Law 24-167; D.C. Official Code § 47-850(a-2)).

The bill makes the expansion to eligible spouses effective October 1, 2025.

Financial Plan Impact

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. Approximately 150 District residents avail themselves of the disabled veteran homestead deduction on properties where they reside. If these veterans have a spouse or domestic partner, the bill allows that spouse or partner to maintain the disabled veteran homestead deduction upon the veteran's death. Additionally, the bill allows spouses or partners to access the deduction where the veteran did not have the disabled veteran homestead deduction because they failed to apply for it. An estimated 40 to 50 spouses or partners could avail themselves of the deduction under the bill's expansion, reducing real property tax revenues by approximately $47,000 annually. The fiscal year 2026 through fiscal year 2029 budget and financial plan accounted for this reduction in real property taxes[2].

[2] See page 3-23 in Revenue Chapter in Executive Summary, https://cfo.dc.gov/node/289642