

Eligible funds exemption

Overview

The eligible funds exemption reduces the assessed value of a property that a veteran purchased with *eligible funds* (typically up to a maximum of \$7,500) that the veteran received upon discharge from active duty.

- a veteran's pension
- bonus or insurance monies (or dividends or refunds on such insurance)
- compensation paid to prisoners of war
- mustering out pay
- etc.

If the taxing jurisdiction offering the eligible funds exemption decides at a later date to adopt the alternative veterans exemption, it can't grant any further eligible funds exemptions; in this situation, the jurisdiction will "grandfather" all eligible funds exemptions granted before that date

Municipalities have the option to offer the exemption for eligible veterans in cooperative apartments

Veterans who own the following are also eligible:

- vacant property
- property leased to others

Where the eligible funds exemption is available, the following individuals are also eligible:

- all persons who rendered military or naval services to the United States at any time
- certain individuals who served in World War II in the U.S. Merchant Marine
- those who served in a civilian capacity during world War II, either in
 - the American Field Service (overseas duty),
 - as a flight crew and aviation ground support employee of Pan American Airlines contract with the Air Transport Command

Veterans who qualify for grants to purchase or to modify specially adapted houses to accommodate their serious disabilities, or the homes of their widowed spouses, may receive the exemption under Section 458(3); this benefit is available by completing Item 10 on form RP-458; if qualified, the veteran will receive a 100 percent exemption for all taxing purposes, including school district purposes.

Eligibility requirements

Ownership requirements

Legal title of the property must be in the name of a qualified owner:

- the veteran
- spouse of the veteran
- unremarried surviving spouse of a veteran
- dependent father or mother
- children (under 21 years of age) of the veteran

Legal title may also be in the name of a qualified owner whenever such a person is a life tenant of the property; if title transfers to a trust, such a person becomes a trustee or beneficiary of such trust.

The veteran or other qualified owner should submit proof of property purchase using eligible funds - it is important to carefully read Parts II and III of the instructions (RP-458-Ins) before completing the application.

Qualified owner should submit copy of deed of ownership of residence, or other proof of ownership.

If the qualifying veteran is deceased, the exemption may continue on the eligible property if the title to the property is in the name of one of the other qualifying owners.

If a veteran, spouse of a veteran or unremarried surviving spouse of the veteran receiving this exemption sells the property receiving the exemption and purchases a new property **within** the same taxing jurisdiction, and if the taxing jurisdiction allows a prorated exemption in its local laws, the exemption may transfer to the replacement property; to continue to receive the exemption thereafter, the veteran or other qualified owner must file a new form RP-458 with the assessor on or before the next succeeding taxable status date.

Application form

To apply complete Form RP-458, *Application for Veterans Exemption From Real Property Taxation*. The form must be filed with your municipal assessor. Annual exemption renewal is not necessary, except in instances where veteran's service-connected disability rating changes.

For instructions see Form RP-458-I, *Instructions for Form RP-458, Application for Veterans Exemption from Real Property Taxation*.

Application deadline

In most communities, the deadline for submitting exemption applications is March 1. However, the dates vary in some cities and counties. Please confirm the date with your assessor. You can find contact information for your assessor in our [Municipal Profiles](#).

Options pertaining to reassessment

Taxing jurisdictions have the option to increase the eligible funds exemption (beyond the \$5,000 limit) as a result of a municipal-wide reassessment. This change is known as the "change in level of assessment". The

assessor, in a participating jurisdiction, increases or decreases the exempt amount by the change in level of assessment factor.

- For example, if the reassessment results in overall assessments increasing by a factor of five, the eligible funds exempt value will also increase by that factor

If this adjustment in exempt value results in a more beneficial exemption to a veteran or qualified owner than what the owner has been receiving after switching from the eligible funds exemption to the Alternative Veterans exemption, such an owner may then switch back to the eligible funds exemption with conditions (see below).

Jurisdictions allowing the change in level option must adopt an additional option to permit this switch back to the eligible funds exemption; if such an option is available, the veteran must apply for the eligible funds exemption within one year after the jurisdiction has adopted this option in its local laws.

Switching to or from the Alternative veterans exemption

If a taxing jurisdiction has adopted the Alternative Veterans exemption, veterans receiving the eligible funds exemption may:

- continue to receive the eligible funds exemption
- convert to the Alternative Veterans exemption

Converting to the Alternative Veterans exemption requires the veteran to submit Form RP-458-a, *Application for Alternative Veterans Exemption from Real Property Taxation* once the conversion occurs, veteran may not normally reverse the action, with two exceptions:

1. the veteran or other qualified owner sells the property and uses the proceeds of the sale to purchase a replacement property in another jurisdiction that does **not** have the alternative veterans exemption
2. the taxing jurisdiction has adopted the "change in level of assessment" option, **and** has adopted an additional option to allow those eligible funds veterans who converted to the alternative veterans exemption to switch back to eligible funds .