

Senate Engrossed

veterans; disabilities; property tax exemption

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1034

AN ACT

AMENDING SECTION 42-11111, ARIZONA REVISED STATUTES; RELATING TO PROPERTY
TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-11111, Arizona Revised Statutes, is amended
3 to read:

4 42-11111. Exemption for property; widows and widowers; persons
5 with disabilities; veterans with disabilities;
6 definition

7 A. The property of widows, ~~AND~~ widowers, ~~and~~ OF persons with
8 disabilities ~~AND OF VETERANS WITH SERVICE CONNECTED DISABILITIES~~ who are
9 residents of this state is exempt from taxation ~~to the extent allowed AS~~
10 ~~PROVIDED~~ by article IX, sections 2, 2.1, 2.2, ~~and~~ 2.3 ~~AND 2.4,~~
11 Constitution of Arizona, and subject to the conditions and ~~limitations~~
12 ~~LIMITS~~ prescribed by this section.

13 B. Pursuant to article IX, section 2.3, Constitution of Arizona,
14 the exemptions from taxation under this section are allowed in the amount
15 of:

16 1. ~~Three thousand dollars~~ \$3,000 if the person's total assessment
17 does not exceed ~~twenty thousand dollars~~ \$20,000.

18 2. No exemption if the person's total assessment exceeds ~~twenty~~
19 ~~thousand dollars~~ \$20,000.

20 C. On or before December 31 of each year, the department shall
21 increase the following amounts based on the average annual percentage
22 increase, if any, in the GDP price deflator in the two most recent
23 complete state fiscal years:

24 1. The total allowable exemption amount and the total assessment
25 ~~limitation~~ LIMIT amount under subsection B of this section.

26 2. The total income ~~limitation~~ LIMIT amounts under subsection E,
27 paragraphs 1 and 2 of this section.

28 ~~For the purposes of this subsection, "GDP price deflator" means the~~
29 ~~average of the four implicit price deflators for the gross domestic~~
30 ~~product reported by the United States department of commerce or its~~
31 ~~successor for the four quarters of the state fiscal year.~~

32 D. For the purpose of determining the amount of the allowable
33 exemption pursuant to subsection B of this section, the person's total
34 assessment shall not include the value of any vehicle that is taxed under
35 title 28, chapter 16, article 3.

36 E. Pursuant to article IX, section 2.3, Constitution of Arizona, to
37 qualify for this exemption, the total income from all sources of the
38 claimant and the claimant's spouse and the income from all sources of all
39 of the claimant's children who resided with the claimant in the claimant's
40 residence in the year immediately preceding the year for which the
41 claimant applies for the exemption shall not exceed:

42 1. ~~Twenty-five thousand dollars~~ \$25,000 if none of the claimant's
43 children under eighteen years of age resided with the claimant in the
44 claimant's residence.

2. ~~Thirty thousand dollars~~ \$30,000 if one or more of the claimant's children residing with the claimant in the claimant's residence ~~were~~ either:

(a) ~~WERE~~ under eighteen years of age.

(b) ~~Totally and permanently,~~ HAD A TOTAL AND PERMANENT physical or mental ~~disabilities~~ DISABILITY, as certified by competent medical authority as provided by law.

F. For the purposes of subsection E of this section, "income from all sources" means the sum of the following, ~~but~~ excluding the items listed in subsection G of this section:

1. Adjusted gross income as defined by the department.

2. The amount of capital gains excluded from adjusted gross income.

3. Nontaxable strike benefits.

4. Nontaxable interest that is received from the federal government or any of its instrumentalities.

5. Payments that are received from a retirement program and paid by:

(a) This state or any of its political subdivisions.

(b) The United States through any of its agencies, instrumentalities or programs, except as provided in subsection G of this section.

6. The gross amount of any pension or annuity that is not otherwise exempted.

G. Notwithstanding subsection F of this section, ~~"income from all sources"~~ does not include monies received from:

1. Cash public assistance and relief.

2. Railroad retirement benefits.

3. Payments under the federal social security act (49 Stat. 620).

4. Payments under the unemployment insurance laws of this state.

5. Payments from veterans disability pensions.

6. Workers' compensation payments.

7. ~~"Loss of time"~~ insurance.

8. Gifts from nongovernmental sources, surplus foods or other relief in kind supplied by a governmental agency.

H. A widow, ~~OR~~ widower, ~~or~~ a person with a TOTAL AND PERMANENT disability ~~OR A VETERAN WITH A DISABILITY~~ shall initially establish eligibility for exemption under this section by filing an affidavit with the county assessor under section 42-11152. Thereafter, the person is not required to file an affidavit under section 42-11152, but the person or the person's representative shall annually calculate income from the preceding year to ensure that the person still qualifies for the exemption and shall notify the county assessor in writing of any event that disqualifies the ~~widow, widower or person with a disability~~ PERSON from further exemption. Regardless of whether the person or representative notifies the assessor as required by this subsection, the property is

1 subject to tax as provided by law from the date of disqualification,
2 including interest, penalties and proceedings for tax delinquencies.

3 Disqualifying events include:

- 4 1. The person's death.
- 5 2. The remarriage of a widow or widower.
- 6 3. The person's income from all sources exceeding the limits
7 prescribed by subsection E of this section.

8 4. The conveyance of title to the property to another owner.

9 I. Any dollar amount of exemption that is unused in a tax year
10 against the limited property value of property and improvements owned by
11 the individual may be applied for the tax year against the value of
12 personal property subject to special property taxes including the taxes
13 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter
14 16, article 3.

15 J. An individual is not entitled to property tax exemptions in the
16 aggregate that exceed the maximum allowed to a widow, ~~OR~~ widower, ~~OR~~ A
17 person with a TOTAL AND PERMANENT disability OR A VETERAN WITH A
18 DISABILITY even if the ~~person~~ INDIVIDUAL is eligible for an exemption in
19 more than one category.

20 K. THE EXEMPTIONS FROM TAXATION UNDER ARTICLE IX, SECTION 2.4,
21 CONSTITUTION OF ARIZONA, ARE NOT SUBJECT TO THE INCOME LIMITS PROVIDED IN
22 THIS SECTION.

23 L. FOR THE PURPOSES OF THIS SECTION, "GDP PRICE DEFLATOR" MEANS THE
24 AVERAGE OF THE FOUR IMPLICIT PRICE DEFLATORS FOR THE GROSS DOMESTIC
25 PRODUCT REPORTED BY THE UNITED STATES DEPARTMENT OF COMMERCE OR ITS
26 SUCCESSOR FOR THE FOUR QUARTERS OF THE STATE FISCAL YEAR.

27 Sec. 2. Conditional enactment: applicability

28 This act does not become effective unless the Constitution of
29 Arizona is amended by vote of the people at the next general election by
30 passage of Senate Concurrent Resolution 1009, fifty-fifth legislature,
31 second regular session, relating to property tax exemptions and, if
32 approved, applies to tax years beginning from and after December 31, 2022.