

REFERENCE TITLE: property tax exemption; combat veterans

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2390

Introduced by
Representatives Kolodin: Gillette, Jones, Parker B

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 a total and permanent disability; veterans
6 with a disability; definitions

7 A. The property of widows and widowers, of persons with total and
8 permanent disabilities and of veterans with service or nonservice
9 connected disabilities who are residents of this state is exempt from
10 taxation as provided by article IX, section 2, Constitution of Arizona,
11 and subject to the conditions and limits prescribed by this section.

12 B. Pursuant to article IX, section 2, subsection F, Constitution of
13 Arizona, the exemptions from taxation under this section are allowed ~~in~~
14 ~~the amount of:~~ AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION.

15 C. THE PROPERTY OF A COMBAT VETERAN WITH A SERVICE CONNECTED
16 DISABILITY THAT IS COMBAT RELATED AND THAT IS RATED AS ONE HUNDRED PERCENT
17 BY THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS IS FULLY EXEMPT FROM
18 TAXATION.

19 D. THE PROPERTY OF A WIDOW OR WIDOWER, A PERSON WITH A TOTAL AND
20 PERMANENT DISABILITY AND A VETERAN WITH A SERVICE OR NONSERVICE CONNECTED
21 DISABILITY WHO DOES NOT QUALIFY FOR A FULL EXEMPTION UNDER SUBSECTION C OF
22 THIS SECTION IS EXEMPT IN THE AMOUNT OF:

23 1. \$4,188 if the person's total assessment does not exceed \$28,459.
24 For a veteran with a service or nonservice connected disability WHO DOES
25 NOT QUALIFY FOR A FULL EXEMPTION UNDER SUBSECTION C OF THIS SECTION, the
26 \$4,188 limit under this paragraph is further limited by multiplying the
27 total exemption amount by the percentage of the veteran's disability, as
28 rated by the United States department of veterans affairs.

29 2. No exemption if the person's total assessment exceeds \$28,459.

30 ~~E.~~ E. On or before December 31 of each year, the department shall
31 increase the following amounts based on the average annual percentage
32 increase, if any, in the GDP price deflator in the two most recent
33 complete state fiscal years:

34 1. The total allowable exemption amount and the total assessment
35 limit amount under subsection ~~B~~ D of this section.

36 2. The total income limit amounts under subsection ~~E~~ G, paragraphs
37 1 and 2 of this section.

38 ~~F.~~ F. For the purpose of determining the amount of the allowable
39 exemption pursuant to subsection ~~B~~ D of this section, the person's total
40 assessment shall not include the value of any vehicle that is taxed under
41 title 28, chapter 16, article 3.

42 ~~E.~~ G. Pursuant to article IX, section 2, subsection F,
43 Constitution of Arizona, to qualify for ~~this~~ THE exemption UNDER
44 SUBSECTION D OF THIS SECTION, the total income from all sources of the
45 claimant and the claimant's spouse and the income from all sources of all

1 of the claimant's children who resided with the claimant in the claimant's
2 residence in the year immediately preceding the year for which the
3 claimant applies for the exemption shall not exceed:

4 1. \$34,901 if none of the claimant's children under eighteen years
5 of age resided with the claimant in the claimant's residence.

6 2. \$41,870 if one or more of the claimant's children residing with
7 the claimant in the claimant's residence either:

8 (a) Were under eighteen years of age.

9 (b) Had a total and permanent physical or mental disability, as
10 certified by competent medical authority as provided by law.

11 ~~F~~ H. For the purposes of subsection ~~F~~ G of this section, "income
12 from all sources" means the sum of the following, excluding the items
13 listed in subsection ~~G~~ I of this section:

14 1. Adjusted gross income as defined by the department.

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

16 3. Nontaxable strike benefits.

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

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

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

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

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

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

29 1. Cash public assistance and relief.

30 2. Railroad retirement benefits.

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

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

33 5. Payments from veterans disability pensions.

34 6. Workers' compensation payments.

35 7. Loss of time insurance.

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

38 ~~H~~ J. A widow or widower, a person with a total and permanent
39 disability or a veteran with a disability shall establish eligibility for
40 exemption under this section by filing an affidavit with the county
41 assessor under section 42-11152 when initially claiming the exemption.
42 Each year thereafter, the person or the person's representative shall
43 annually, **IF NECESSARY**, calculate income from the preceding year to ensure
44 that the person still qualifies for the exemption and notify the county
45 assessor in writing of any event that disqualifies the person from further

1 exemption. Regardless of whether the person or representative notifies
2 the assessor as required by this subsection, the property is subject to
3 tax as provided by law from the date of disqualification, including
4 interest, penalties and proceedings for tax delinquencies. Disqualifying
5 events include:

- 6 1. The person's death.
- 7 2. The remarriage of a widow or widower.
- 8 3. ~~IF THE PERSON IS CLAIMING THE EXEMPTION UNDER SUBSECTION D OF~~
9 ~~THIS SECTION~~, the person's income from all sources exceeding the limits
10 prescribed by subsection ~~F~~ G of this section.

- 11 4. The conveyance of title to the property to another owner.
- 12 ~~F~~ K. Any dollar amount of exemption that is unused in a tax year
13 against the limited property value of property and improvements owned by
14 the individual may be applied for the tax year against the value of
15 personal property subject to special property taxes, including the taxes
16 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter
17 16, article 3.

- 18 ~~F~~ L. An individual is not entitled to property tax exemptions
19 under more than one category as a widow or widower, a person with a total
20 and permanent disability or a veteran with a disability even if the
21 individual is eligible for an exemption in more than one category.

- 22 ~~K~~ M. For the purposes of this section:

- 23 1. "Competent medical authority" means any of the following:
24 (a) An individual licensed under title 32, chapter 8, 13, 14, 17,
25 19.1, 25 or 29 or a comparable law of another state.
26 (b) A registered nurse practitioner as defined in section 32-1601.
27 (c) The United States department of veterans affairs, as evidenced
28 by a disability award letter.

- 29 2. "GDP price deflator" means the average of the four implicit
30 price deflators for the gross domestic product reported by the United
31 States department of commerce or its successor for the four quarters of
32 the state fiscal year.

- 33 3. "Person with a total and permanent disability" means a person
34 who is unable to engage in any substantial gainful activity, for pay or
35 profit, by reason of any physical or mental impairment that is expected to
36 last for a continuous period of at least twelve months or result in death
37 within twelve months as certified by a competent medical authority.

- 38 4. "Veteran" means an individual who has served in, and been
39 discharged, separated or released under honorable conditions from, active
40 or inactive service in the uniformed services of the United States,
41 including:

- 42 (a) All regular, reserve and national guard components of the
43 United States army, navy, air force, marine corps and coast guard.

- 44 (b) The commissioned corps of the national oceanic and atmospheric
45 administration.

1 (c) The commissioned corps of the United States public health
2 service.

3 (d) A nurse in the service of the American red cross or in the army
4 and navy nurse corps.

5 (e) Any other civilian service that is authorized by federal law to
6 be considered active military duty for the purpose of laws administered by
7 the United States secretary of veterans affairs.

8 Sec. 2. Applicability

9 This act applies to tax years beginning from and after December 31,
10 2024.