



ARIZONA STATE SENATE

Fifty-Seventh Legislature, First Regular Session

FACT SHEET FOR H.C.R. 2023

property tax; exemption; veterans; disabilities

Purpose

Subject to voter approval, statutorily exempts the property of a combat veteran with a combat-related, service-connected disability that is rated at 100 percent by the U.S. Department of Veterans Affairs (VA) from the full amount of property tax.

Background

All property in Arizona is subject to taxation with certain exemptions outlined in the Arizona Constitution and prescribed by statute. The property of Arizona residents who are widows, widowers, persons with total and permanent disabilities or veterans with service or nonservice-connected disabilities are exempt from property tax subject to the conditions and limitations prescribed by statute. For TY 2025, the exemption amount is: 1) \$4,476, if the person's total property assessment does not exceed \$31,347; or 2) no exemption if the person's total property assessment exceeds \$31,347. A veteran with a service or nonservice-connected disability is eligible for a portion of the maximum exemption amount that is equal to the percentage of the person's disability, as rated by the VA. To qualify for a property tax exemption, a claimant's total income from all sources is subject to a statutory cap. Certain monies are excluded when calculating a claimant's total income from all sources, including payments from veteran disability pensions. The Arizona Department of Revenue annually adjusts the exemption amount, income cap and property assessment limit for inflation. A widow, widower, person with a total and permanent disability or veteran with a service or non-service connected disability must initially establish eligibility for the property tax exemption by filing an affidavit with the county assessor (A.R.S. §§ [42-11002](#) and [42-11111](#)).

The Joint Legislative Budget Committee fiscal note on H.C.R. 2023 estimates a state General Fund cost of \$2.2 million beginning in FY 2028. The cost would be offset by savings attributable to the automatic school tax rate adjustments under the state's truth-in-taxation provisions, resulting in state General Fund savings of \$1.2 million beginning in FY 2028 ([JLBC fiscal note](#)).

Provisions

1. Exempts, from the full amount of property tax, the property of a combat veteran with a combat-related, service-connected disability rated at 100 percent by the VA.
2. Prohibits the amount raised by a county, city, town, community college district or school district through primary property taxes from including any amount to offset the aggregate amount of exemptions provided for combat veterans for the tax year.

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3. Exempts a combat veteran with a combat-related, service-connected disability rated at 100 percent by the VA from:
 - a) the statutory income limit; and
 - b) the requirement for the veteran's property to be valued below the statutory property assessment limit.
4. Applies the combat veteran exemption and property tax offset prohibition to tax years beginning January 1, 2027.
5. Makes technical and conforming changes.
6. Requires the Secretary of State to submit the proposition to the voter at the next general election.
7. Becomes effective if approved by the voters and on proclamation of the Governor.

House Action

WM	2/19/25	DP	5-4-0-0
3 rd Read	2/26/25		32-27-1

Prepared by Senate Research
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MG/ci