

REFERENCE TITLE: **property tax exemption; disability; qualifications**

State of Arizona
House of Representatives
Fifty-sixth Legislature
First Regular Session
2023

HB 2064

Introduced by
Representatives Carter: Bliss

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:

15 1. \$4,188 if the person's total assessment does not exceed \$28,459.
16 For a veteran with a service or nonservice connected disability, the
17 \$4,188 limit under this paragraph is further limited by multiplying the
18 total exemption amount by the percentage of the veteran's disability, as
19 rated by the United States department of veterans affairs.

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

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

25 1. The total allowable exemption amount and the total assessment
26 limit amount under subsection B of this section.

27 2. The total income limit amounts under subsection E, paragraphs 1
28 and 2 of this section.

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

33 E. Pursuant to article IX, section 2, subsection F, Constitution of
34 Arizona, to qualify for this exemption, the total income from all sources
35 of the claimant and the claimant's spouse and the income from all sources
36 of all of the claimant's children who resided with the claimant in the
37 claimant's residence in the year immediately preceding the year for which
38 the claimant applies for the exemption shall not exceed:

39 1. \$34,901 if none of the claimant's children under eighteen years
40 of age resided with the claimant in the claimant's residence.

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

43 (a) Were under eighteen years of age.

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

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

- 4 1. Adjusted gross income as defined by the department.
- 5 2. The amount of capital gains excluded from adjusted gross income.
- 6 3. Nontaxable strike benefits.
- 7 4. Nontaxable interest that is received from the federal government
8 or any of its instrumentalities.

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

- 11 (a) This state or any of its political subdivisions.
- 12 (b) The United States through any of its agencies,
13 instrumentalities or programs, except as provided in subsection G of this
14 section.
- 15 6. The gross amount of any pension or annuity that is not otherwise
16 exempted.

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

- 19 1. Cash public assistance and relief.
- 20 2. Railroad retirement benefits.
- 21 3. Payments under the federal social security act (49 Stat. 620).
- 22 4. Payments under the unemployment insurance laws of this state.
- 23 5. Payments from veterans disability pensions.
- 24 6. Workers' compensation payments.
- 25 7. Loss of time insurance.
- 26 8. Gifts from nongovernmental sources, surplus foods or other
27 relief in kind supplied by a governmental agency.

28 H. A widow or widower, a person with a total and permanent
29 disability or a veteran with a disability shall initially establish
30 eligibility for exemption under this section by filing an affidavit with
31 the county assessor under section 42-11152. Thereafter, the person is not
32 required to file an affidavit under section 42-11152, but the person or
33 the person's representative shall annually calculate income from the
34 preceding year to ensure that the person still qualifies for the exemption
35 and shall notify the county assessor in writing of any event that
36 disqualifies the person from further exemption. Regardless of whether the
37 person or representative notifies the assessor as required by this
38 subsection, the property is subject to tax as provided by law from the
39 date of disqualification, including interest, penalties and proceedings
40 for tax delinquencies. Disqualifying events include:

- 41 1. The person's death.
- 42 2. The remarriage of a widow or widower.
- 43 3. The person's income from all sources exceeding the limits
44 prescribed by subsection E of this section.
- 45 4. The conveyance of title to the property to another owner.

1 I. Any dollar amount of exemption that is unused in a tax year
2 against the limited property value of property and improvements owned by
3 the individual may be applied for the tax year against the value of
4 personal property subject to special property taxes, including the taxes
5 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter
6 16, article 3.

7 J. An individual is not entitled to property tax exemptions ~~in the~~
8 ~~aggregate that exceed the maximum allowed to~~ UNDER MORE THAN ONE CATEGORY
9 AS a widow or widower, a person with a total and permanent disability or a
10 veteran with a disability even if the individual is eligible for an
11 exemption in more than one category.

12 K. For the purposes of this section:

13 1. "COMPETENT MEDICAL AUTHORITY" MEANS ANY OF THE FOLLOWING:

14 (a) AN INDIVIDUAL LICENSED UNDER TITLE 32, CHAPTER 8, 13, 14, 17,
15 19.1, 25 OR 29 OR A COMPARABLE LAW OF ANOTHER STATE.

16 (b) A REGISTERED NURSE PRACTITIONER AS DEFINED IN SECTION 32-1601.

17 (c) THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS, AS EVIDENCED
18 BY A DISABILITY AWARD LETTER.

19 ~~1.~~ 2. "GDP price deflator" means the average of the four implicit
20 price deflators for the gross domestic product reported by the United
21 States department of commerce or its successor for the four quarters of
22 the state fiscal year.

23 3. "PERSON WITH A TOTAL AND PERMANENT DISABILITY" MEANS A PERSON
24 WHO IS UNABLE TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY, FOR PAY OR
25 PROFIT, BY REASON OF ANY PHYSICAL OR MENTAL IMPAIRMENT THAT IS EXPECTED TO
26 LAST FOR A CONTINUOUS PERIOD OF AT LEAST TWELVE MONTHS OR RESULT IN DEATH
27 WITHIN TWELVE MONTHS AS CERTIFIED BY A COMPETENT MEDICAL AUTHORITY.

28 ~~2.~~ 4. "Veteran" means an individual who has served in, and been
29 discharged, separated or released under honorable conditions from, active
30 or inactive service in the uniformed services of the United States,
31 including:

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

34 (b) The commissioned corps of the national oceanic and atmospheric
35 administration.

36 (c) The commissioned corps of the United States public health
37 service.

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

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