

REFERENCE TITLE: property tax exemption; veterans

State of Arizona
Senate
Fifty-sixth Legislature
First Regular Session
2023

SB 1113

Introduced by
Senators Rogers: Borrelli, Shamp, Wadsack; Representative Gillette

AN ACT

AMENDING SECTIONS 42-11111 AND 42-11153, 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 SUBSECTION C AND D OF THIS SECTION.

15 C. THE PROPERTY OF A VETERAN WITH A SERVICE OR NONSERVICE CONNECTED
16 DISABILITY WHOSE DISABILITY RATING DETERMINED BY THE UNITED STATES
17 DEPARTMENT OF VETERANS AFFAIRS IS ONE HUNDRED PERCENT 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 WHOSE DISABILITY RATING DETERMINED BY THE UNITED STATES
22 DEPARTMENT OF VETERANS AFFAIRS IS LESS THAN ONE HUNDRED PERCENT IS EXEMPT
23 IN THE AMOUNT OF:

24 1. \$4,188 if the person's total assessment does not exceed \$28,459.
25 For a veteran with a service or nonservice connected disability WHOSE
26 DISABILITY RATING DETERMINED BY THE UNITED STATES DEPARTMENT OF VETERANS
27 AFFAIRS IS LESS THAN ONE HUNDRED PERCENT, the \$4,188 limit under this
28 paragraph is further limited by multiplying the total exemption amount by
29 the percentage of the veteran's disability, as rated by the United States
30 department of veterans affairs.

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

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

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

38 2. The total income limit amounts under subsection ~~E~~ G, paragraphs
39 1 and 2 of this section.

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

44 ~~E.~~ G. Pursuant to article IX, section 2, subsection F,
45 Constitution of Arizona, to qualify for ~~this~~ THE exemption UNDER

1 **SUBSECTION D OF THIS SECTION**, the total income from all sources of the
2 claimant and the claimant's spouse and the income from all sources of all
3 of the claimant's children who resided with the claimant in the claimant's
4 residence in the year immediately preceding the year for which the
5 claimant applies for the exemption shall not exceed:

6 1. \$34,901 if none of the claimant's children under eighteen years
7 of age resided with the claimant in the claimant's residence.

8 2. \$41,870 if one or more of the claimant's children residing with
9 the claimant in the claimant's residence either:

10 (a) Were under eighteen years of age.

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

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

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

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

18 3. Nontaxable strike benefits.

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

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

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

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

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

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

31 1. Cash public assistance and relief.

32 2. Railroad retirement benefits.

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

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

35 5. Payments from veterans disability pensions.

36 6. Workers' compensation payments.

37 7. Loss of time insurance.

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

40 ~~H~~ **J**. A widow or widower, a person with a total and permanent
41 disability or a veteran with a disability shall initially establish
42 eligibility for exemption under this section by filing an affidavit with
43 the county assessor under section 42-11152. Thereafter, the person is not
44 required to file an affidavit under section 42-11152, but the person or
45 the person's representative shall, **IF NECESSARY**, annually calculate income

1 from the preceding year to ensure that the person still qualifies for the
2 exemption and shall notify the county assessor in writing of any event
3 that disqualifies the person from further exemption. Regardless of
4 whether the person or representative notifies the assessor as required by
5 this subsection, the property is subject to tax as provided by law from
6 the date of disqualification, including interest, penalties and
7 proceedings for tax delinquencies. Disqualifying events include:

- 8 1. The person's death.
- 9 2. The remarriage of a widow or widower.

10 3. IF THE PERSON IS CLAIMING THE EXEMPTION UNDER SUBSECTION D OF
11 THIS SECTION, the person's income from all sources exceeding the limits
12 prescribed by subsection ~~F~~ G of this section.

- 13 4. The conveyance of title to the property to another owner.

14 ~~J~~ K. Any dollar amount of exemption that is unused in a tax year
15 against the limited property value of property and improvements owned by
16 the individual may be applied for the tax year against the value of
17 personal property subject to special property taxes, including the taxes
18 collected pursuant to title 5, chapter 3, article 3 and title 28, chapter
19 16, article 3.

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

25 ~~K~~ M. For the purposes of this section:

26 1. "GDP price deflator" means the average of the four implicit
27 price deflators for the gross domestic product reported by the United
28 States department of commerce or its successor for the four quarters of
29 the state fiscal year.

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

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

36 (b) The commissioned corps of the national oceanic and atmospheric
37 administration.

38 (c) The commissioned corps of the United States public health
39 service.

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

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

1 Sec. 2. Section 42-11153, Arizona Revised Statutes, is amended to
2 read:

3 42-11153. Deadline for filing affidavit

4 A. Except as provided in section 42-11104, subsection E, section
5 42-11109, subsection B, section 42-11110, subsection B, section 42-11111,
6 subsection ~~H~~ J, section 42-11131, subsection C and section 42-11132,
7 subsection C, section 42-11132.01, subsection C, ~~and~~ and section 42-11132.02,
8 subsection C, a failure by a taxpayer who is entitled to an exemption to
9 make an affidavit or furnish evidence required by this article between the
10 first Monday in January and March 1 of each year constitutes a waiver of
11 the exemption.

12 B. If a widow or widower or A person with a disability whose
13 property is exempt from tax under section 42-11111, or an organization
14 that is exempt from federal income tax under section 501(c) of the
15 internal revenue code and is exempt from property tax under article 3 of
16 this chapter, submits a petition after the deadlines prescribed by
17 subsection A of this section, the person or organization may have the
18 waiver redeemed by the county board of supervisors at any regular meeting,
19 except that taxes that were due and payable before the petition was
20 submitted may not be refunded or abated.

21 Sec. 3. Applicability

22 This act applies to tax years beginning from and after December 31,
23 2024.