

HB 3543 -- DISABLED VETERAN HOMESTEAD TAX EXEMPTION

SPONSOR: Johnson

This bill provides that for all tax years beginning on or after January 1, 2027, a county must grant an annual exemption for a qualified residence of a disabled veteran in an amount equal to the greater of \$32,500 or the maximum amount that may be granted to a disabled veteran under 38 U.S.C. Section 2102, from all ad valorem taxation assessed on the qualified residence. The value of all property in excess of the exempted amount will remain subject to taxation.

The disabled veteran must have:

- (1) Served on active duty or state active duty as a member of the Armed Forces of the United States, the National Guard, or the United States Reserve Forces;
- (2) Been discharged under honorable conditions; and
- (3) Been adjudicated by the United States Department of Veterans Affairs as having a service-related disability that renders such veteran as being 100% totally disabled or as being less than 100% totally disabled but is compensated at the 100% level due to individual unemployability or is entitled to receive a statutory award from the United States Department of Veterans Affairs for:
  - (a) Loss or permanent loss of use of one or both feet;
  - (b) Loss or permanent loss of use of one or both hands;
  - (c) Loss of sight in one or both eyes; or
  - (d) Permanent impairment of vision of both eyes.

The disabled veteran must be an owner of record and liable for the payment of property taxes on the qualified residence for which the exemption allowed under this section is claimed.

This exemption can carry over to the disabled veteran's surviving spouse as long as the spouse holds the legal or beneficial title to the qualified residence, permanently resides therein, and does not remarry. No exemption will be allowed for a surviving spouse for the tax year in which he or she remarries.

The exemption can not be transferred or assigned.

All revenues lost resulting from the exemption may be replaced to each taxing authority within a county from a countywide replacement sales tax on all retail sales made within the county that are subject to sales tax. The tax authorized must be imposed by resolution at a rate necessary to produce the same revenue produced by the tax on the real property exempted in the previous year, and will be imposed solely for the same purposes as the property tax was imposed. The tax authorized will be in addition to all other sales taxes imposed by law, and will be stated separately from all other charges and taxes.

The tax exemption and the replacement tax will not become effective unless the governing body of the county submits to the voters residing within the county at a state general, primary, or special election a proposal to authorize the governing body to impose the exemption and the replacement tax.

This bill creates the "Veterans Homestead Property Tax Replacement Sales Tax Fund", which is a trust fund under the direction of the Director of the Department of Revenue on behalf of the county, except for 1% for the cost of collection that shall be deposited into the State's General Revenue Fund. Moneys in this Fund shall not be deemed as State funds, and shall not be commingled with any funds of the State.

If the replacement tax is repealed or terminated by any means, all funds remaining in the Special Trust Fund shall continue to be used solely for the designated purposes with some specifications listed in the bill.

The provisions of this bill will sunset six years after the effective date.

This bill is similar to HB 2362 (2026) and HB 921 (2025).