

State of Arkansas Department of Finance and Administration Fiscal Impact Statement

Bill: HB1809Amendment Number: H1Bill Subtitle: TO ALLOW FOR PROPERTY OWNED BY A TRUST OR A LIMITED LIABILITYCOMPANY TO QUALIFY AS A HOMESTEAD FOR PURPOSES OF THE PROPERTY TAXEXEMPTION FOR DISABLED VETERANS IN CERTAIN CIRCUMSTANCES.

Sponsors:

Rep. Warren and Sen. McKee

Basic Change:

HB1809-H1 (engrossed 4/2/2025) provides an additional method for a disabled veteran, surviving spouse, and minor dependent children of a disabled veteran to claim the exemption from property tax on the disabled veteran's homestead.

A disabled veteran is entitled to an exemption from property tax for the disabled veteran's homestead, which is defined to include up to 40 acres of contiguous real property. HB1809-H1 expands the exemption by allowing the property claimed as exempt to be owned by:

- A revocable trust formed by the disabled veteran who is using the property as his or her principal place of residence;
- An irrevocable trust for which the disabled veteran who uses the property as his or her principal place of residence is the beneficiary; and
- A limited liability company whose only members are the disabled veteran who uses the property as his or her principal place of residence and that veteran's spouse.

To claim the exemption when the property is owned by the trust or limited liability company, the disabled veteran must submit a copy of the irrevocable trust that is signed, notarized, and file-marked or records that meet the requirements for limited liability companies to own a property for which a homestead credit applies under § 26-26-1118.

Fiscal Impact:

None.

Taxpayer Impact:

A taxpayer with disabled veteran status that has placed his or her principal place of residence into a revocable or irrevocable trust or a limited liability company would benefit from the exemption.

Resources Required:

Training of county collectors and staff, and changes to all publications that reference information on disabled veteran property tax exemption.

Time Required:

Adequate time is provided for implementation.



State of Arkansas Department of Finance and Administration Fiscal Impact Statement

Bill: HB1809Amendment Number: H1Bill Subtitle: TO ALLOW FOR PROPERTY OWNED BY A TRUST OR A LIMITED LIABILITYCOMPANY TO QUALIFY AS A HOMESTEAD FOR PURPOSES OF THE PROPERTY TAXEXEMPTION FOR DISABLED VETERANS IN CERTAIN CIRCUMSTANCES.

Procedural Changes:

Currently, qualifying DAVs or surviving spouses or minor dependents provide documentation proving the DAV's eligibility, or eligibility at time of death, for the exemption, in the form of a letter from the Dept. of Veterans Affairs confirming that the veteran is 100% disabled or meets the other qualifying criteria regarding disability. If an LLC affiliated with the DAV as outlined in this bill were to qualify for such an exemption, the individual claiming the exemption would need to present to the collector *both* a) the document from the Dept. of Veterans Affairs and b) any and all documents required by county tax collectors to justify the exemption. County tax collectors would need to develop procedures to monitor remarriage of surviving spouse and children no longer considered minors.

Other Comments:

None.

Legal Analysis:

HB1809-H1 may benefit from an amendment on page 2, line 36, to provide that a veteran must furnish a copy of either the revocable or irrevocable trust to claim the exemption. As written, the bill only requires the production of an irrevocable trust.