

**Local Government Mandate Statement
Kentucky Legislative Research Commission
Session**

Part I: Measure Information

Bill Request #:	1191	Bill #:	HB 285
Document ID #:	1669	Sponsor:	Rep. Adam Moore
Bill Title:	AN ACT relating to a property tax homestead exemption for disabled veterans.		

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: Local Governments, Property Value Administrators

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 285 would create a real property tax homestead exemption for veterans. Veterans with a service-connected disability rating adjudicated by the United States Department of Veterans Affairs of 50% or higher would qualify.

The exemption amount would be computed by multiplying the disability rating percentage by the first \$100,000 of assessed value of the veteran’s permanent residence and contiguous real property. For example, a veteran with a disability rating of 51% would be able to exempt \$51,000 of value from their tax basis if the property’s assessed value is greater than \$100,000. If the assessed property value total is less than \$100,000 the percentage would be multiplied with the total property value to determine the exemption amount. Veterans eligible for other homestead exemptions cannot utilize more than one in combination. This exemption would apply to property taxes levied by state and local governments, as well as special districts.

Surviving spouses of qualifying veterans would continue to qualify for the exemption following the veteran's death as long as they were married at the time of death and the spouse has not remarried. The property must have also been the spouse's primary place of residence at the time of death and the property must continue to be the permanent residence of the surviving spouse to maintain eligibility.

A mobile home, manufactured home, or recreational vehicle, when classified as real property under KRS 132.751, or a modular home would qualify as permanent residence for the purposes of this homestead exemption.

The Department of Revenue would be responsible for establishing an application process.

The property valuation administrator must be notified when a title to real property that is exempted under these provisions is transferred.

HB 285 would apply to property assessed on or after January 1, 2027.

HB 285 would have no fiscal impact on property valuation administrators. PVAs use a computer program to calculate property tax bills each year, and already have to make adjustments to the system every two years when property values are recalculated. Adjusting to this new homestead exemption would not require any additional time or resources.

HB 285 would have an indeterminate negative fiscal impact on local government entities that are funded by property tax revenues. The impact would depend on the number of real property-owning veterans with service-connected disability in a given property tax district, as well as their associated disability ratings, property values, and marriage status at time of death. According to the United States Census Bureau, about 30% of veterans had a service-connected disability in 2022.

Data Source(s): LRC Staff; Kentucky PVA Association; US Census Bureau

Preparer: BW **Reviewer:** TJ (MDA) **Date:** 1/14/26