

1 AN ACT relating to a property tax homestead exemption for disabled veterans.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO
4 READ AS FOLLOWS:

5 **(1) (a) Notwithstanding any statutory provisions to the contrary, real property**
6 **owned by and maintained as the permanent residence of a veteran of the**
7 **Armed Forces of the United States who has a service-connected disability**
8 **rating adjudicated by the United States Department of Veterans Affairs**
9 **shall be provided a homestead exemption on the assessed valuation of the**
10 **veteran's permanent residence and contiguous real property in accordance**
11 **with this section.**

12 **(b) 1. For veterans with a service-connected disability rating of at least ten**
13 **percent (10%), but less than thirty percent (30%), the homestead**
14 **exemption amount shall be equal to five thousand dollars (\$5,000) of**
15 **the assessed value of the veteran's permanent residence and**
16 **contiguous real property.**

17 **2. For veterans with a service-connected disability rating of at least thirty**
18 **percent (30%), but less than fifty percent (50%), the homestead**
19 **exemption amount shall be equal to seven thousand five hundred**
20 **dollars (\$7,500) of the assessed value of the veteran's permanent**
21 **residence and contiguous real property.**

22 **3. For veterans with a service-connected disability rating of at least fifty**
23 **percent (50%), but no more than seventy percent (70%), the**
24 **homestead exemption amount shall be equal to ten thousand dollars**
25 **(\$10,000) of the assessed value of the veteran's permanent residence**
26 **and contiguous real property.**

27 **4. For veterans with a service-connected disability rating of at least**

1 seventy percent (70%), but less than one hundred percent (100%), the
2 homestead exemption amount shall be equal to twelve thousand
3 dollars (\$12,000) of the assessed value of the veteran's permanent
4 residence and contiguous real property.

5 5. For veterans with a one hundred percent (100%) service-connected
6 disability, the homestead exemption amount shall be equal to one
7 hundred percent (100%) of the assessed value of the veteran's
8 permanent residence and contiguous real property up to an assessed
9 valuation of:

10 a. Two hundred forty thousand dollars (\$240,000) for the 2026
11 assessment year;

12 b. Two hundred eighty thousand dollars (\$280,000) for the 2027
13 assessment year;

14 c. Three hundred twenty thousand dollars (\$320,000) for the 2028
15 assessment year;

16 d. Three hundred sixty thousand dollars (\$360,000) for the 2029
17 assessment year; and

18 e. Four hundred thousand dollars (\$400,000) for the 2030
19 assessment year and every assessment year thereafter.

20 (c) Only one (1) homestead exemption per residential unit is allowed,
21 regardless of the number of veterans occupying the residence.

22 (d) The permanent residence and contiguous real property of the surviving
23 spouse of a veteran who qualified for a homestead exemption under this
24 section prior to his or her death shall continue to qualify for the homestead
25 exemption as long as:

26 1. The surviving spouse:

27 a. Was married to the veteran at the time of the veteran's death;

1 and

2 b. Has not remarried since the death of the veteran; and

3 2. The property:

4 a. Was the permanent residence of the surviving spouse at the time
5 of the veteran's death; and

6 b. Has been maintained as the permanent residence of the
7 surviving spouse since the veteran's death.

8 (2) The department shall prescribe forms and an application process for the
9 homestead exemption provided under this section.

10 (3) Notwithstanding any statutory provisions to the contrary, this section shall apply
11 to the assessment and taxation of real property for state, county, city, and special
12 district purposes.

13 (4) A mobile home, manufactured home, or recreational vehicle, when classified as
14 real property under KRS 132.751, or a modular house shall qualify as a
15 permanent residence for purposes of the homestead exemption provided under
16 this section.

17 (5) When title to real property that is exempted either in whole or in part under this
18 section is transferred, the owner, administrator, executor, trustee, guardian,
19 conservator, curator, or agent shall report the transfer to the property valuation
20 administrator.

21 (6) The real property may be held by legal or equitable title, by the entireties, jointly,
22 in common, as a condominium, or indirectly by the stock ownership or
23 membership representing the owner's or member's proprietary interest in a
24 corporation owning a fee or a leasehold initially in excess of ninety-eight (98)
25 years. The homestead exemption provided under this section shall apply only to
26 the value of the real property assessable to the owner or, in case of ownership
27 through stock or membership in a corporation, the value of the proportion which

1 his or her interest in the corporation bears to the assessed value of the property.

2 (7) Any owner making application and qualifying for the homestead exemption
3 provided under this section:

4 (a) Before payment of his or her property taxes for the assessment year in
5 question shall be entitled to a full or partial exoneration, as the case may be,
6 of the property tax due to reflect the taxable assessment after allowance for
7 the homestead exemption; or

8 (b) After property taxes have been paid for the assessment year in question
9 shall be entitled to a refund of the taxes paid applicable to the value of the
10 homestead exemption.

11 ➔Section 2. This Act applies to property assessed on or after January 1, 2026.