

By: Flores

S.B. No. 748

A BILL TO BE ENTITLED

AN ACT

relating to the provision of state aid to certain local governments to offset the cost of the exemption from ad valorem taxation of the residence homestead of a 100 percent or totally disabled veteran.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 140.011(a)(1) and (2), Local Government Code, are amended to read as follows:

(1) "Ad valorem tax [~~General fund~~] revenue" means the dollar amount of ad valorem taxes imposed [~~revenue generated~~] by a local government for the tax year in which the local government's [~~from the following sources during a~~] fiscal year begins [~~and deposited in the dedicated general operating fund of the local government during that fiscal year:~~

[~~(A) ad valorem taxes,~~

[~~(B) sales and use taxes,~~

[~~(C) franchise taxes, fees, or assessments charged for use of the local government's right-of-way,~~

[~~(D) building and development fees, including permit and inspection fees,~~

[~~(E) court fines and fees,~~

[~~(F) other fees, assessments, and charges, and~~

[~~(G) interest earned by the local government].~~

(2) "Local government" means a municipality or county

[+]

1 ~~[(A) a municipality adjacent to a United States~~
2 ~~military installation; and~~

3 ~~[(B) a county in which a United States military~~
4 ~~installation is wholly or partly located].~~

5 SECTION 2. Section 140.011, Local Government Code, is
6 amended by amending Subsections (b), (d), (h), and (i) and adding
7 Subsection (j) to read as follows:

8 (b) To serve the state purpose of ensuring that the cost of
9 providing ad valorem tax relief to disabled veterans is shared
10 equitably among the residents of this state, a local government is
11 entitled to a disabled veteran assistance payment from the state
12 for each fiscal year that the local government is a qualified local
13 government. A local government is a qualified local government for
14 a fiscal year if the amount of lost ad valorem tax revenue
15 calculated under Subsection (c) for that fiscal year is ~~[equal to~~
16 ~~or]~~ greater than one ~~[two]~~ percent of the local government's ad
17 valorem tax ~~[general fund]~~ revenue for that fiscal year.

18 (d) Subject to Subsection (i), a [A] disabled veteran
19 assistance payment made to a qualified local government for a
20 fiscal year is calculated by subtracting from the local
21 government's lost ad valorem tax revenue calculated under
22 Subsection (c) for that fiscal year an amount equal to one percent
23 of the local government's ad valorem tax ~~[general fund]~~ revenue for
24 that fiscal year.

25 (h) The disabled veterans local government assistance
26 account is an account in the general revenue fund administered by
27 the ~~[The]~~ comptroller. The account consists of money deposited to

1 the credit of the account under Section 151.801, Tax Code, and other
2 money deposited to the credit of the account at the direction of the
3 legislature. Money in the account may be used only [~~shall transfer~~
4 ~~funds to a newly created account in the state treasury~~] for the
5 purpose of making payments to which qualified [~~reimbursement of~~
6 local governments are entitled under this section.

7 (i) If the comptroller determines that the balance of the
8 disabled veterans local government assistance account in a state
9 fiscal year is not sufficient to pay the full amount of each
10 disabled veterans assistance payment to qualified local
11 governments in that year, the comptroller shall proportionately
12 reduce the amount of each payment made to the qualified local
13 governments that year as necessary to prevent the account from
14 becoming insolvent.

15 (j) The comptroller shall adopt rules necessary to
16 implement this section.

17 SECTION 3. Section 151.801, Tax Code, is amended by
18 amending Subsections (a) and (d) and adding Subsection (c-4) to
19 read as follows:

20 (a) Except for [~~the~~] amounts otherwise allocated under this
21 section [~~Subsections (b), (c), (c-2), (c-3), and (f)~~], all proceeds
22 from the collection of the taxes imposed by this chapter shall be
23 deposited to the credit of the general revenue fund.

24 (c-4) Except for the amounts allocated under Subsections
25 (b) and (c), the amount of the proceeds from the collection of the
26 taxes imposed by this chapter on the sale, storage, use, or other
27 consumption of taxable items inside the boundaries of a United

1 States military base shall be deposited to the credit of the
2 disabled veterans local government assistance account under
3 Section 140.011, Local Government Code. Subsections (c-2), (c-3),
4 and (f) do not apply to tax proceeds to which this subsection
5 applies.

6 (d) The comptroller shall determine the amount to be
7 deposited to the state highway fund under Subsection (b) according
8 to available statistical data indicating the estimated average or
9 actual consumption or sales of lubricants used to propel motor
10 vehicles over the public roadways. The comptroller shall
11 determine the amounts to be deposited to the accounts under
12 Subsection (c) according to available statistical data indicating
13 the estimated or actual total receipts in this state from taxable
14 sales of sporting goods, and according to the specific amounts
15 provided in the General Appropriations Act in accordance with
16 Subsection (c-1). The comptroller shall determine the amount to be
17 deposited to the fund under Subsection (c-2) according to available
18 statistical data indicating the estimated or actual total receipts
19 in this state from taxes imposed on sales at retail of
20 fireworks. The comptroller shall determine the amount to be
21 deposited to the account under Subsection (c-3) according to
22 available statistical data indicating the estimated or actual total
23 receipts in this state from taxable sales of horse feed, horse
24 supplements, horse tack, horse bedding and grooming supplies, and
25 other taxable expenditures directly related to horse ownership,
26 riding, or boarding. The comptroller shall determine the amount to
27 be deposited to the credit of the account under Subsection (c-4)

1 according to available statistical data indicating the estimated or
2 actual total receipts in this state from the sale, storage, use, or
3 other consumption of taxable items inside the boundaries of United
4 States military bases. If satisfactory data are not available, the
5 comptroller may require taxpayers who make taxable sales or uses of
6 those lubricants, of sporting goods, of fireworks, [~~or~~] of horse
7 feed, horse supplements, horse tack, horse bedding and grooming
8 supplies, or other taxable expenditures directly related to horse
9 ownership, riding, or boarding, or of taxable items inside the
10 boundaries of United States military bases to report to the
11 comptroller as necessary to make the allocation required by
12 Subsection (b), (c), (c-2), [~~or~~] (c-3), or (c-4).

13 SECTION 4. Section 140.011, Local Government Code, as
14 amended by this Act, applies to the eligibility of a local
15 government to apply for, and the calculation of, a disabled veteran
16 assistance payment beginning with the fiscal year of the local
17 government that ends in the 2023 tax year.

18 SECTION 5. This Act takes effect September 1, 2023.