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H.B. No. 2894

A BILL TO BE ENTITLED

AN ACT

relating to the provision of state aid to certain local governments
disproportionately affected by the granting of ad valorem tax
relief to disabled veterans.

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

SECTION 1. Section 140.011(a)(2), Local Government Code, is
amended to read as follows:

(2) "Local government" means:

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

(B) a county in which a United States military
installation is wholly or partly located.

SECTION 2. Section 140.011(b), Local Government Code, is
amended to read as follows:

(b) To serve the state purpose of ensuring that the cost of
providing ad valorem tax relief to disabled veterans is shared
equitably among the residents of this state, a local government is
entitled to a disabled veteran assistance payment from the state
for each fiscal year that the local government is a qualified local
government. A local government is a qualified local government for
a fiscal year if the amount of lost ad valorem tax revenue
calculated under Subsection (c) for that fiscal year is equal to or
greater than:

(1) two percent of the local government's general fund

revenue for that fiscal year if the local government is:

(A) a municipality adjacent to a United States
military installation; or

(B) a county described by Subsection (a)(2)(B);
and

(2) 10 percent of the local government's general fund
revenue for that fiscal year if the local government is a
municipality other than a municipality described by Subdivision
(1)(A).

SECTION 3. Section [140.011](#)(a)(2), Local Government Code, as amended by this Act, applies only to the eligibility of a local government to apply for a disabled veteran assistance payment beginning with the fiscal year of the local government that ends in the 2025 tax year.

SECTION 4. This Act takes effect September 1, 2025.