

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 4, 2005**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB1051** by McReynolds (Relating to the amount of the ad valorem tax exemptions to which veterans with certain disability ratings are entitled.), **As Introduced**

The bill would have the effect of lowering by one percent the various levels of disability above 10 percent required to qualify disabled veterans within the current schedule.

Passage of the bill—and adoption by Texas voters of the proposed constitutional amendment in HJR 44—could result in a reduction in taxable property values and increase the related costs to the Foundation School Fund.

Section 11.22(a) grants a disabled veteran a property tax exemption based on a veteran's disability rating. A disability rating of at least 10 percent entitles a veteran to a \$5,000 exemption. Greater exemption amounts—ranging from \$7,500 to \$12,000—are granted for disability ratings "more than" a stated percentage, ranging from 30 percent to 70 percent and over. The bill would replace "more than" with the term "not less than."

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

**Local Government Impact**

Passage of the bill—and adoption by Texas voters of the proposed constitutional amendment in HJR 44—could result in a reduction in taxable property values and the related ad valorem tax revenue to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe