

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 30, 2005

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

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

IN RE: HB2483 by Geren (Relating to an exemption from ad valorem taxation of the residence homesteads of certain totally disabled veterans.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2483, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	(\$11,253,000)
2009	(\$11,815,000)
2010	(\$12,406,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from FOUNDATION SCHOOL FUND 193	Probable Revenue (Loss) from School Districts	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Counties
2006	\$0	\$0	\$0	\$0
2007	\$0	(\$11,253,000)	(\$5,266,000)	(\$3,541,000)
2008	(\$11,253,000)	(\$563,000)	(\$5,529,000)	(\$3,718,000)
2009	(\$11,815,000)	(\$591,000)	(\$5,806,000)	(\$3,904,000)
2010	(\$12,406,000)	(\$620,000)	(\$6,096,000)	(\$4,099,000)

Fiscal Analysis

Contingent upon passage of a constitutional amendment authorizing the exemption, this bill would provide a total homestead exemption for all property taxes to a veteran of the armed forces of the United States who is classified by the United States Government as totally disabled as a result of a service-connected disability.

Methodology

The estimate, prepared by Comptroller of Public Accounts, assumes passage of a constitutional amendment authorizing the exemption. The analysis was based on an estimate from the regional

Veterans Administration Office in Waco, Texas of 16,172 totally disabled veterans in the state and the assumption, based on 2000 U.S. Bureau of Census reports, that 63.8 percent of occupied housing units in Texas are occupant-owned. The analysis assumed an average statewide homestead value of \$100,000. The average value was reduced by applying the existing \$12,000 property tax exemption for disabled veterans for all taxing units and the \$15,000 general homestead exemption for school districts. The school district component was further reduced to reflect the portion of disabled veterans who receive the \$10,000 65-and-over homestead exemption.

The projected city, county, and school district tax rates were applied to the value losses in each year to estimate their respective levy losses.

Because of the operation of the school funding formula, school district losses would be incurred by the state after a one-year lag. After the first year, school districts would incur only each year's incremental loss.

Local Government Impact

In addition to the amounts listed in the above table, special districts would also realize a reduction in property tax revenue.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KJG, WP, DLBe