BILL ANALYSIS

Senate Research Center

S.B. 540
By: Van de Putte
Finance
7/12/2011
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows for disabled veterans to receive an exemption from a portion of the appraised value of their property according to the disability rating schedule set forth in Section 11.22 (Disabled Veterans), Tax Code. The four exemption levels in the Tax Code include an exemption of up to $5,000 of the assessed value for veterans disabled at least 10 percent but less than 30 percent; an exemption of up to $7,500 of the assessed value for veterans disabled at least 30 percent but less than 50 percent; an exemption of up to $10,000 of the assessed value for veterans disabled at least 50 percent but less than 70 percent; and an exemption of up to $12,000 of the assessed value for veterans disabled 70 percent and over.

This exemption schedule was established by the 66th Legislature, Regular Session, 1979. The exemption amounts currently in place were revised by the 77th Legislature, Regular Session, 2001. The intent of the 66th Legislature was to ensure that disabled Texas veterans would be able to afford home ownership by reducing the appraised value of a disabled veteran's homestead residence. While the average market value of property in Texas has increased, the exemption dollar amount has remained unchanged, resulting in a dramatic loss of value for the four levels of exemption from taxation of a portion of the assessed value of a property the veteran owns.

In order to maintain the original intent of the 66th Legislature, legislators must have the information and data at their disposal to consider the adjustment of the exemption amount to reflect the change in the average value of property in Texas.

This bill requires the comptroller of public accounts to study the fiscal impact to state and local governments that an adjustment of the exemption amounts under Section 11.22, Tax Code, would have created had the adjustment reflected the percentage change from the preceding tax year in the average market value of residence homesteads in the appraisal district in which the property subject to exemption is located. This study will allow the comptroller to show the total impact both over the past 10 years and from year to year, and will provide legislators with the necessary information to restore the altruistic intent of the original legislation by raising the exemption amount in the schedule set forth in Section 11.22, Tax Code.

S.B. 540 amends current law relating to a study of the fiscal impact of adjusting the amount of the ad valorem tax exemption to which disabled veterans and the surviving spouses and children of disabled veterans and certain members of the armed forces are entitled.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. (a) Requires the comptroller of public accounts (comptroller) to study the fiscal impact on this state and local governments that would have been created during the preceding 10 years by the adjustment of the maximum amount of the exemption to which a person is entitled under Section 11.22 (Disabled Veterans), Tax Code, to reflect the percentage change from the preceding tax year in the average market value of residence homesteads in the appraisal district in which the property subject to the exemption is located.

(b) Requires a state agency or local government, at the comptroller's request, to provide information and assistance in conducting the study under this section.

(c) Requires the comptroller, not later than December 1, 2012, to report the results of the study conducted under this section to the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the standing committees of each house of the legislature with primary jurisdiction over matters affecting tax revenue and veterans affairs.

SECTION 2. Provides that this Act expires January 1, 2013.

SECTION 3. Effective date: upon passage or September 1, 2011.