

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 30, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB201 by Uresti (relating to the calculation of ad valorem taxes on the residence homestead of a 100 percent or totally disabled veteran for the tax year in which the veteran qualifies or ceases to qualify for an exemption from taxation of the homestead.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 11 of the Tax Code, regarding property taxation, to require that the total property tax exemption of homesteads of 100 percent or totally disabled veterans be prorated when the exemption terminates during the year, and when the exemption begins during the year. The proration, in both instances, would allow the exemption only for the portion of the year that the disabled veteran owns the homestead.

Under current law the total property tax exemption for qualified disabled veterans takes effect on the January 1 following the date on which the veteran qualifies for the exemption and remains in place for the entire year regardless of the portion of the year the qualified veteran owns the property. The exemption does not commence on the date the qualified veteran moves into the homestead and does not terminate on the date the veteran moves from the homestead. The prorations proposed by the bill would cause a property tax levy gain to taxing units when a qualified disabled veteran moves from his old homestead and would cause an offsetting property tax levy loss when the veteran moves into a new homestead. Because the gains and losses are substantially equal, there would be no fiscal impact on units of local government or the state.

The bill would take effect on January 1, 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS