

BILL ANALYSIS

Senate Research Center
83R4587 TJB-D

S.J.R. 30
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 1995, the legislature passed, and voters approved, a constitutional amendment allowing a property tax exemption for service-connected disabled veterans beginning in the 1996 tax year. The amount of the exemption was connected to the percentage of service-connected disability rating using the following scale:

- \$5,000 for a veteran with a disability rating of 10 through 29 percent;
- \$7,500 for a veteran with a disability rating of 30 through 49 percent;
- \$10,000 for a veteran with a disability rating of 50 through 69 percent; and
- \$12,000 for a veteran with a disability rating of 70 percent or higher.

The 82nd Legislature authorized a study by the comptroller of public account's office of these property tax exemptions. The study found that the effective exemption was not keeping pace with average home values. For example, in 1996, a \$12,000 exemption resulted in a reduction of 18.98 percent of the average appraised value of a Texas residence, which was \$63,218. In 2010, the average appraised value of a residence was \$136,753 and the same \$12,000 exemption resulted in a reduction of only 8.77 percent.

S.J.R. 30 removes the specific exemption dollar amounts from the constitution and authorizes the legislature to set amounts by general law based on groupings of disability ratings. By removing the dollar amounts from the constitution, adjustments may be made by the legislature more regularly, without presenting voters with concepts they have already approved. S.J.R. 30 also removes the dollar amounts for exemptions for certain disabled veterans, surviving spouses, and surviving minor children, leaving constitutional authority to the legislature to establish these amounts by general law.

The enabling bill for this constitutional amendment is S.B. 465.

As proposed, S.J.R. 30 proposes a constitutional amendment authorizing the legislature under certain limitations to specify the amount of the exemption from ad valorem taxation to which certain disabled veterans and the surviving spouses and children of certain disabled veterans 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. Amends Section 2(b), Article VIII, Texas Constitution, as follows:

- (b) Authorizes the legislature by general law to exempt property owned by a disabled veteran or by the surviving spouse and surviving minor children of a disabled veteran. Provides that a disabled veteran is a veteran of the armed services of the United States who is classified as disabled by the United States Department of Veteran Affairs, rather than the Veterans' Administration, or by a successor to that agency or by the military service in which the veteran served. Requires the legislature to base the amount of an

exemption for the property of a disabled veteran on the disability rating of the veteran. Requires the legislature to establish groupings of disability ratings and to provide an exemption amount for each grouping. Provides that a veteran who is certified as having a disability of less than 10 percent is not entitled to an exemption.

Deletes existing text authorizing a veteran having a disability rating of not less than 10 percent but less than 30 percent to be granted an exemption from taxation for property valued at up to \$5,000. Deletes existing text authorizing a veteran having a disability rating of not less than 30 percent but less than 50 percent to be granted an exemption from taxation for property valued at up to \$7,500. Deletes existing text authorizing a veteran having a disability rating of not less than 50 percent but less than 70 percent to be granted an exemption from taxation for property valued at up to \$10,000.

Authorizes a veteran who has a disability rating of not less than 10 percent and has attained the age of 65 or a disabled veteran whose disability consists of the loss or loss of use of one or more limbs, total blindness in one or both eyes, or paraplegia, rather than a veteran who has a disability rating of 70 percent or more, to be granted an exemption from taxation for property in an amount passed by the legislature, rather than an exemption from taxation for property valued at up to \$12,000. Authorizes a deceased disabled veteran's surviving spouse and children to be granted an exemption which in the aggregate is equal to the exemption to which the veteran was entitled when the veteran died.

SECTION 2. Repealer: Section 2(d) (relating to the maximum amounts of exemption from ad valorem taxation), Article VIII, Texas Constitution.

SECTION 3. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, authorizing the legislature under certain limitations to specify the amounts of the exemption from ad valorem taxation to which certain disabled veterans and the surviving spouses and children of certain veterans are entitled.

(b) Provides that the amendment to Section 2(b), Article VIII, of this constitution and the repeal of Section 2(d), Article VIII, of this constitution take effect beginning with the tax year that begins January 1, 2014.

(c) Provides that this temporary provision expires January 1, 2015.

SECTION 4. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held November 5, 2013. Sets forth the required language of the ballot.