

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB97 by Perry (Relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization and to the eligibility of the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapters 11 (taxable property and exemptions), 26 (assessment), and 31 (collections) of the Tax Code, regarding property taxation.

The bill would require a property tax exemption equal to a disabled veteran's disability rating (if less than 100 percent) on the disabled veteran's residence homestead if the homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. The bill would extend the exemption to the surviving spouse of a disabled veteran who died after qualifying for the exemption if the surviving spouse has not remarried, the property was the homestead of the surviving spouse when the disabled veteran died, and remains the residence homestead of the surviving spouse. The bill would grant a surviving spouse qualified for the exemption the same dollar amount of exemption on a subsequent homestead if the surviving spouse has not remarried.

The bill would provide that the exemption is retroactive to January 1 of the year in which the disabled veteran qualifies for the exemption, prorates the exemption off a former homestead if a disabled veteran or surviving spouse moves to a new homestead during the year, and provides that when these individuals move to a new homestead during the year the exemption applies as if the individual qualified that homestead on January 1 and continued to qualify for the remainder of the year. The bill would add a disabled veteran and the surviving spouse qualified for the proposed exemption and a disabled veteran qualified for an exemption under Section 11.22 of the Tax Code to the list of individuals who may pay property taxes in four installments.

Data are not available on the number of homesteads that will be donated by charitable organizations to disabled veterans who have less than a 100 percent disability rating. A website search revealed that most veterans receiving homes from charitable organizations are 100 percent disabled. Homesteads of 100 percent disabled veterans or their surviving spouses are already totally exempt under current law.

The property tax homestead exemption proposed by the bill would create a cost to school districts, other units of local government, and to the state through the operation of the school funding formulas. However, those fiscal impacts are not expected to be significant.

The bill would take effect on January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session (2013) authorizing the Legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization is approved by the voters. If that amendment is not approved by the voters, the bill would have no effect.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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