

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 21, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3132 by Lucio III (Relating to an exemption from ad valorem taxation by a county of a portion of the value of the residence homestead of a veteran who has been honorably discharged.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 11.13 of the Tax Code, related to residence homestead exemptions, to grant a county property tax exemption on the residence homestead of a veteran of the U.S. armed services who has been honorably discharged. The exempt amount would be \$10,000 or a greater amount provided by action of the county commissioners court as permitted by Article VIII, Section 1-a(b), of the Texas Constitution. The exemption would apply only to a small portion of the county property tax; specifically, the tax for the purposes of farm to market roads or flood control. The bill would prohibit this exemption from being aggregated with the existing \$3,000 county residence homestead exemption. The bill would prohibit a veteran from receiving this exemption and any exemption provided under Section 11.13(d) of the Tax Code (optional residence exemption for individuals who are at least 65 years of age or disabled), but would permit a veteran to choose the exemption that provides the greatest exempt amount.

The new residence homestead exemption for county farm to market road or flood control purposes for honorably discharged veterans would create a fiscal impact on counties. The authorizing constitutional amendment (SJR 59) is self-enacting (it does not require legislation to take effect), so the cost of the new exemption is not contingent on passage of the bill. The cost is shown in the fiscal note for SJR 59.

Note: The farm to market and flood control portion of the county tax rate averages only 5 cents out of the statewide average overall county tax rate of 38 cents per hundred dollars of taxable value.

This bill would take effect on January 1, 2014, contingent on the passage of a constitutional amendment.

Local Government Impact

This bill would have no fiscal impact on local taxing units other than counties. The fiscal impact on counties is attributed to the self-enacting constitutional amendment (HJR 134).

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS, KJo