

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 10, 2013

TO: Honorable Leticia Van de Putte, Chair, Senate Committee on Veteran Affairs & Military Installations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR59 by Lucio (Proposing a constitutional amendment to exempt from county ad valorem taxation a portion of the value of the residence homestead of a veteran of the United States armed services who has been honorably discharged.), **As Introduced**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$108,921.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$108,921)
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Counties
2014	(\$108,921)	\$0
2015	\$0	(\$2,957,000)
2016	\$0	(\$3,046,000)
2017	\$0	(\$3,137,000)
2018	\$0	(\$3,231,000)

Fiscal Analysis

This resolution would propose a constitutional amendment to Section 1-a, Article VIII, of the Texas Constitution, 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 that may be provided by action of the county commissioners court not to exceed \$75,000 and not to be increased by more than \$5,000 per year. 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 a veteran from receiving this exemption and 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 proposed amendment would be submitted to voters at an election to be held November 5, 2013 and would take effect on January 1, 2014 if approved by the voters.

Methodology

The new \$10,000 county property tax exemption on the residence homestead of a veteran of the U.S. armed services who has been honorably discharged would create a cost to counties. Neither the state nor any other taxing unit would be affected. Information from appraisal districts, the U.S. Bureau of the Census and the National Center for Veterans Analysis and Statistics was used in developing the estimate.

The number of veterans owning residence homesteads to which the new exemption would apply was estimated and multiplied by the exempt amount, which was adjusted downward by \$3,000 dollars to reflect the fact that the bill would not allow a veteran to receive both the existing \$3,000 exemption and the new \$10,000 exemption. The farm to market and flood control portion of the statewide average county tax rate was applied to the estimated value loss from the exemption and projected through the five year period as shown below.

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. The county tax levy for all other purposes is authorized by Section 9, Article VIII, of the Texas Constitution.

Local Government Impact

The new \$10,000 county property tax exemption on the residence homestead of a veteran of the U.S. armed services who has been honorably discharged would create a cost to counties. The cost is included in the table above.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KJo, SD, SJS