

## **BILL ANALYSIS**

C.S.H.B. 683  
By: Sheets  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, a disabled veteran is entitled to an exemption from taxation of a portion of the assessed value of a property the veteran owns. Interested parties contend that this exemption should be based on a percentage of assessed value, rather than a flat dollar amount. C.S.H.B. 683 seeks to address this issue.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 683 amends the Tax Code to replace the schedule of property tax exemptions for certain disabled veterans based on a dollar value portion of assessed property value with an exemption schedule based on percentage values of assessed property value as follows:

- 7.91 percent for a veteran having a disability rating of at least 10 percent but less than 30 percent;
- 11.86 percent for a veteran having a disability rating of at least 30 percent but less than 50 percent;
- 15.82 percent for a veteran having a disability rating of at least 50 percent but less than 70 percent; or
- 18.98 percent for a veteran having a disability rating of at least 70 percent.

C.S.H.B. 683 changes from \$12,000 of the assessed value of a property to 18.98 percent of the assessed value of a property the amount of the property tax exemption to which a disabled veteran is entitled if the veteran is 65 years of age or older and has a disability rating of at least 10 percent, if the veteran is totally blind in one or both eyes, or if the veteran has lost the use of one or more limbs. The bill specifies that the amount of the exemption to which the surviving spouse of a disabled veteran is entitled is the dollar amount of the veteran's exemption at time of death and that the exemption amount to which the veteran's surviving children are entitled, if the spouse does not survive the veteran, is the dollar amount of the veteran's exemption at time of death divided by the number of eligible children.

**EFFECTIVE DATE**

January 1, 2016, if the constitutional amendment authorizing the legislature to exempt from property taxation a percentage of the assessed value of property owned by certain disabled veterans is approved by the voters.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 683 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. The heading to Section 11.131, Tax Code, is amended to read as follows:  
Sec. 11.131. RESIDENCE HOMESTEAD OF CERTAIN [~~100 PERCENT OR TOTALLY~~] DISABLED VETERANS [~~VETERAN~~].

No equivalent provision.

SECTION 2. Section 11.131(b), Tax Code, is amended to read as follows:  
(b) A disabled veteran who receives from the United States Department of Veterans Affairs or its successor at least 80 [~~100~~] percent disability compensation due to a service-connected disability and a rating of at least 80 [~~100~~] percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

No equivalent provision.

SECTION 3. The heading to Section 26.1125, Tax Code, is amended to read as follows:  
Sec. 26.1125. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF CERTAIN [~~100 PERCENT OR TOTALLY~~] DISABLED VETERANS [~~VETERAN~~].

No equivalent provision.

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SECTION 1. Sections 11.22(a), (b), and (c), Tax Code, are amended to read as follows:  
(a) A disabled veteran is entitled to an exemption from taxation of the following applicable percentage [~~a portion~~] of the assessed value of a property the veteran owns and designates as provided by Subsection (f) [~~in accordance with the following schedule~~]:  
(1) 7.91 percent for a veteran having a disability rating of at least 10 percent but less than 30 percent;  
(2) 11.86 percent for a veteran having a

disability rating of at least 30 percent but less than 50 percent;

(3) 15.82 percent for a veteran having a disability rating of at least 50 percent but less than 70 percent; or

(4) 18.98 percent for a veteran having a disability rating of at least 70 percent.

~~[an exemption of for a disability rating of up to: at least: but less than:~~

~~\$5,000 of the 10% 30%~~

~~assessed value~~

~~7,500 3050~~

~~10,000 5070~~

~~12,000 70 and over]~~

(b) A disabled veteran is entitled to an exemption from taxation of 18.98 percent [~~\$12,000~~] of the assessed value of a property the veteran owns and designates as provided by Subsection (f) [~~of this section~~] if the veteran:

(1) is 65 years of age or older and has a disability rating of at least 10 percent;

(2) is totally blind in one or both eyes; or

(3) has lost the use of one or more limbs.

(c) If a disabled veteran who is entitled to an exemption by Subsection (a) or (b) [~~of this section~~] dies, the veteran's surviving spouse is entitled to an exemption from taxation of a portion of the assessed value of a property the spouse owns and designates as provided by Subsection (f) [~~of this section~~]. The amount of the exemption is the dollar amount of the veteran's exemption at time of death. The spouse is entitled to an exemption by this subsection only for as long as the spouse remains unmarried. If the spouse does not survive the veteran, each of the veteran's surviving children who is younger than 18 years of age and unmarried is entitled to an exemption from taxation of a portion of the assessed value of a property the child owns and designates as provided by Subsection (f) [~~of this section~~]. The amount of exemption for each eligible child is computed by dividing the dollar amount of the veteran's exemption at time of death by the number of eligible children.

SECTION 4. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2016.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 5. This Act takes effect January 1, 2016, but only if the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, authorizing the legislature to exempt all or part of the residence homesteads of certain disabled veterans from ad valorem taxation is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

SECTION 3. This Act takes effect January 1, 2016, but only if the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, proposing a constitutional amendment authorizing the legislature to exempt from ad valorem taxation a percentage of the assessed value of property owned by certain disabled veterans is approved by the voters. If that constitutional amendment is not approved by the voters, this Act has no effect.