

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3695** by Hughes (Relating to the exemption from ad valorem taxation of the residence homesteads of certain totally disabled veterans.), **As Introduced**

The bill would strike the eligibility requirement that a veteran receive U.S. Department of Veterans Affairs 100 percent disability compensation due to a service-connected disability. The disabled veteran would have to receive a rating of 100 percent disabled due to a service-connected disability or of individual unemployability. To the extent that disabled veterans who do not receive 100 percent disability compensation due to a service-connected disability from the U.S. Department of Veterans Affairs would now be eligible for the exemption, the bill would increase the number of exempted homesteads and the exempted value, creating a cost to the state through the operation of the school funding formula.

The bill would amend Section 11.131 of the Tax Code, regarding taxable property, exemptions, and the residence homestead exemption of 100 percent for totally disabled veterans, to strike the eligibility requirement that a veteran receive U.S. Department of Veterans Affairs 100 percent disability compensation due to a service-connected disability. The disabled veteran would have to receive a rating of 100 percent disabled due to a service-connected disability or of individual unemployability.

To the extent that disabled veterans who do not receive 100 percent disability compensation due to a service-connected disability from the U.S. Department of Veterans Affairs would now be eligible for the exemption, the bill would increase the number of exempted homesteads and the exempted value, creating a cost to local governments and to the state through the operation of the school funding formula. The number of additional exemptions that would be granted under this bill is not known so the cost cannot be estimated.

The bill would take effect January 1, 2016.

Local Government Impact

The bill would strike the eligibility requirement that a veteran receive U.S. Department of Veterans Affairs 100 percent disability compensation due to a service-connected disability. The disabled veteran would have to receive a rating of 100 percent disabled due to a service-connected disability or of individual unemployability. To the extent that disabled veterans who do not receive 100 percent disability compensation due to a service-connected disability from the U.S. Department of Veterans Affairs would now be eligible for the exemption, the bill would increase the number of exempted homesteads and the exempted value, creating a cost to local

governments.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS