

BILL ANALYSIS

C.S.H.B. 129
By: Leach
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that certain partially disabled veterans and certain surviving spouses of deceased partially disabled veterans should be entitled to a property tax exemption based on the veteran's disability rating. C.S.H.B. 129 seeks to establish such an exemption.

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. 129 amends the Tax Code to entitle a disabled veteran who has a disability rating of at least 80 percent but less than 100 percent to an exemption from taxation of a percentage of the appraised value of the disabled veteran's residence homestead equal to the veteran's disability rating. The bill extends this exemption to the surviving spouse of such a disabled veteran for the same property if the surviving spouse has not remarried since the veteran's death and the property was the surviving spouse's residence homestead when the veteran died and remains the surviving spouse's residence homestead. If a surviving spouse who qualifies for such an exemption subsequently qualifies a different property as the surviving spouse's residence homestead, the surviving spouse is entitled to an exemption from taxation of the subsequently qualified homestead in an amount equal to the dollar amount of the exemption from taxation of the former homestead in the last year in which the surviving spouse received that exemption if the surviving spouse has not remarried since the veteran's death. The bill entitles the surviving spouse to receive from the chief appraiser of the appraisal district in which the former residence homestead was located a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled on the subsequently qualified residence homestead.

C.S.H.B. 129 makes the property tax exemption established by the bill effective as of January 1 of the tax year in which the person qualifies for the exemption and applicable to the entire tax year. The bill establishes that such an exemption, once allowed, need not be claimed in subsequent years and, with certain exceptions, applies to the property until it changes ownership or the person's qualification for the exemption changes. The bill requires the chief appraiser to accept and approve or deny an application for the exemption established by the bill after the filing deadline has passed if it is filed not later than two years after the delinquency date for the taxes on the homestead and subjects such an exemption to certain statutory provisions relating to the proration of taxes following the termination of a homestead exemption and subsequent

qualification of a different property for the exemption. The bill requires a person who qualifies for the exemption to apply for the exemption no later than the first anniversary of the date the person qualified for the exemption.

C.S.H.B. 129 applies statutory provisions relating to the calculation of taxes on a donated residence homestead of a disabled veteran or the veteran's surviving spouse and statutory provisions relating to installment payments of certain homestead taxes to an individual who is qualified for the property tax exemption established by the bill.

C.S.H.B. 129 amends the Local Government Code to revise the formula by which the amount of a local government's lost property tax revenue for a fiscal year is calculated for purposes of state aid for local governments disproportionately affected by property tax relief for disabled veterans to reflect the following calculation: multiply the local government's adopted property tax rate for the tax year in which the fiscal year begins by the sum of the total appraised value of all property located in the local government that is exempt from property taxation on the basis of being the residence homestead of a 100 percent or totally disabled veteran for that tax year and the total dollar amount of the portion of the appraised value of all property located in the local government that is exempt from taxation under the bill's provisions relating to a residence homestead of certain partially disabled veterans or certain surviving spouses of such for that tax year.

EFFECTIVE DATE

January 1, 2018, if the constitutional amendment 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 based on the disability rating of the veteran and harmonizing certain related provisions of the constitution is approved by the voters.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 129 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. Subchapter B, Chapter 11, Tax Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. (a) This section takes effect only if the constitutional amendment proposed by S.J.R. 1, 85th Legislature, Regular Session, 2017, is approved by the voters.	SECTION 2. Substantially the same as introduced version.
(b) Section 11.42(c), Tax Code, as amended by S.B. 15, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, is amended.	
(c) Section 11.43(c), Tax Code, as amended by H.B. 1101, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, and S.B. 15, Acts of the 85th	

Legislature, Regular Session, 2017, effective January 1, 2018, is amended.

(d) Section 11.431(a), Tax Code, as amended by H.B. 626, Acts of the 85th Legislature, Regular Session, 2017, effective September 1, 2017, and S.B. 15, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, is amended.

(e) Section 26.10(b), Tax Code, as amended by S.B. 15, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, is amended.

SECTION 3. (a) This section takes effect only if the constitutional amendment proposed by S.J.R. 1, 85th Legislature, Regular Session, 2017, is not approved by the voters.

(b) Section 11.42(c), Tax Code, is amended.

(c) Section 11.43(c), Tax Code, as amended by H.B. 1101, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, is amended.

(d) Section 11.431(a), Tax Code, as amended by H.B. 626, Acts of the 85th Legislature, Regular Session, 2017, effective September 1, 2017, is amended.

(e) Section 26.10(b), Tax Code, is amended.

SECTION 4. Section 11.43(k), Tax Code, is amended.

SECTION 5. Section 26.1127, Tax Code, is amended.

SECTION 6. Section 31.031(a), Tax Code, as reenacted by S.B. 1047, Acts of the 85th Legislature, Regular Session, 2017, effective January 1, 2018, is amended.

No equivalent provision.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Same as introduced version.

SECTION 7. Section 140.011(c), Local Government Code, is amended to read as follows:
(c) For the purposes of this section, the amount of a local government's lost ad valorem tax revenue for a fiscal year is

calculated by multiplying the ad valorem tax rate adopted by the local government under Section 26.05, Tax Code, for the tax year in which the fiscal year begins by the sum of:
(1) the total appraised value of all property located in the local government that is exempt [granted an exemption] from taxation under Section 11.131, Tax Code, for that tax year; and
(2) the total dollar amount of the portion of the appraised value of all property located in the local government that is exempt from taxation under Section 11.136, Tax Code, for that tax year.

SECTION 7. This Act applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 8. Same as introduced version.

SECTION 8. This Act takes effect January 1, 2018, but only if the constitutional amendment proposed by the 85th Legislature, 1st Called Session, 2017, 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 based on the disability rating of the veteran and harmonizing certain related provisions of the constitution is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

SECTION 9. Same as introduced version.