

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 5, 2021

TO: Honorable Greg Bonnen, Chair, House Committee on Appropriations

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB125 by Buckley (relating to the applicability of the law governing the provision of state aid to certain local governments disproportionately affected by the granting of ad valorem tax relief to disabled veterans.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Section 140.011 of the Local Government Code, regarding local governments disproportionately affected by property tax relief for disabled veterans, to redefine “local government” to include as a local government a city with extraterritorial jurisdiction located within two miles of the boundary line of a United States military installation. The local governments as defined would be eligible to receive certain disabled veteran assistance payments from the state beginning with the fiscal year of the local government that ends in the 2021 tax year. Under current law, a "local government" includes a municipality adjacent to a U. S. military installation and a county in which a U.S. military installation is wholly or partly located.

The funds for such payments are paid from General Revenue (GR) appropriations to GR-Dedicated Account 5160 – Disabled Veterans Local Government Assistance and are set by appropriation. The appropriations to the Comptroller of Public Accounts' Fiscal Programs include \$19 million in GR funds for the 2020-21 biennium (\$8.5 million in fiscal year 2020 and \$10.5 million in fiscal year 2021), or an average of \$9.5 million annually, for disabled veteran assistance payments to qualifying local governments. It is assumed that the costs associated with expanding eligibility of local governments that would be eligible to receive disabled veteran assistance payments paid from this account would result in a redistribution of payments across all eligible local governments.

Local Government Impact

According to the Texas Association of Counties, no fiscal impact to counties is anticipated. No significant fiscal implication to other units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, LCO, MBO, AF