

BILL ANALYSIS

H.B. 3031
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Defense & Veterans' Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2021 and 2022, the Texas Military Department made a tax withholding error that affected thousands of guardsmen deployed for Operation Lone Star, including a constituent of House District 115. State officials set up payroll to pay service members twice a month rather than once a month, causing the payroll system to withhold too little in federal taxes. While the issue was addressed when it was discovered, nearly 7,000 guardsmen across the state were hit with unanticipated tax bills that are causing significant financial strain. H.B. 3031 seeks to address this issue by creating a grant program for guardsmen who experienced financial hardship as a result of this specific withholding error.

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

H.B. 3031 amends the Government Code to require the Texas Military Department to establish and administer a grant program to assist members of the Texas military forces who experience financial hardship caused by a federal tax withholding error in connection with the compensation paid to members who served in Operation Lone Star in 2021 or 2022. The bill establishes the following grant eligibility criteria:

- the Texas Military Department erroneously withheld an insufficient amount from the member's compensation to cover the federal income tax imposed on that compensation;
- the member certifies in the grant application that the member did not have actual knowledge of the withholding error; and
- the member demonstrates that the withholding error caused the member financial hardship.

The bill authorizes the department to establish additional eligibility criteria for grant applicants.

H.B. 3031 requires the department to establish grant application procedures, criteria for evaluating the applications, and guidelines to ensure that a grant amount does not exceed the difference between the amount of federal taxes owed and the amount withheld for those taxes.

H.B. 3031 requires the department to report to the governor and the legislature on the results and performance of the grant program not later than December 1, 2024. The bill's provisions expire January 1, 2025.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.