88R7538 CJC-F

By:  Flores S.B. No. 748

A BILL TO BE ENTITLED

AN ACT

relating to the provision of state aid to certain local governments to offset the cost of the exemption from ad valorem taxation of the residence homestead of a 100 percent or totally disabled veteran.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Sections 140.011(a)(1) and (2), Local Government Code, are amended to read as follows:

(1)  "Ad valorem tax [~~General fund~~] revenue" means the dollar amount of ad valorem taxes imposed [~~revenue generated~~] by a local government for the tax year in which the local government's [~~from the following sources during a~~] fiscal year begins [~~and deposited in the dedicated general operating fund of the local government during that fiscal year:~~

[~~(A)  ad valorem taxes;~~

[~~(B)  sales and use taxes;~~

[~~(C)  franchise taxes, fees, or assessments charged for use of the local government's right-of-way;~~

[~~(D)  building and development fees, including permit and inspection fees;~~

[~~(E)  court fines and fees;~~

[~~(F)  other fees, assessments, and charges; and~~

[~~(G)  interest earned by the local government~~].

(2)  "Local government" means a municipality or county [~~:~~

[~~(A)  a municipality adjacent to a United States military installation; and~~

[~~(B)  a county in which a United States military installation is wholly or partly located~~].

SECTION 2.  Section 140.011, Local Government Code, is amended by amending Subsections (b), (d), (h), and (i) and adding Subsection (j) to read as follows:

(b)  To serve the state purpose of ensuring that the cost of providing ad valorem tax relief to disabled veterans is shared equitably among the residents of this state, a local government is entitled to a disabled veteran assistance payment from the state for each fiscal year that the local government is a qualified local government.  A local government is a qualified local government for a fiscal year if the amount of lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year is [~~equal to or~~] greater than one [~~two~~] percent of the local government's ad valorem tax [~~general fund~~] revenue for that fiscal year.

(d)  Subject to Subsection (i), a [~~A~~] disabled veteran assistance payment made to a qualified local government for a fiscal year is calculated by subtracting from the local government's lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year an amount equal to one percent of the local government's ad valorem tax [~~general fund~~] revenue for that fiscal year.

(h)  The disabled veterans local government assistance account is an account in the general revenue fund administered by the [~~The~~] comptroller. The account consists of money deposited to the credit of the account under Section 151.801, Tax Code, and other money deposited to the credit of the account at the direction of the legislature. Money in the account may be used only [~~shall transfer funds to a newly created account in the state treasury~~] for the purpose of making payments to which qualified [~~reimbursement of~~] local governments are entitled under this section.

(i)  If the comptroller determines that the balance of the disabled veterans local government assistance account in a state fiscal year is not sufficient to pay the full amount of each disabled veterans assistance payment to qualified local governments in that year, the comptroller shall proportionately reduce the amount of each payment made to the qualified local governments that year as necessary to prevent the account from becoming insolvent.

(j)  The comptroller shall adopt rules necessary to implement this section.

SECTION 3.  Section 151.801, Tax Code, is amended by amending Subsections (a) and (d) and adding Subsection (c-4) to read as follows:

(a)  Except for [~~the~~] amounts otherwise allocated under this section [~~Subsections (b), (c), (c-2), (c-3), and (f)~~], all proceeds from the collection of the taxes imposed by this chapter shall be deposited to the credit of the general revenue fund.

(c-4)  Except for the amounts allocated under Subsections (b) and (c), the amount of the proceeds from the collection of the taxes imposed by this chapter on the sale, storage, use, or other consumption of taxable items inside the boundaries of a United States military base shall be deposited to the credit of the disabled veterans local government assistance account under Section 140.011, Local Government Code. Subsections (c-2), (c-3), and (f) do not apply to tax proceeds to which this subsection applies.

(d)  The comptroller shall determine the amount to be deposited to the state highway fund under Subsection (b) according to available statistical data indicating the estimated average or actual consumption or sales of lubricants used to propel motor vehicles over the public roadways.  The comptroller shall determine the amounts to be deposited to the accounts under Subsection (c) according to available statistical data indicating the estimated or actual total receipts in this state from taxable sales of sporting goods, and according to the specific amounts provided in the General Appropriations Act in accordance with Subsection (c-1).  The comptroller shall determine the amount to be deposited to the fund under Subsection (c-2) according to available statistical data indicating the estimated or actual total receipts in this state from taxes imposed on sales at retail of fireworks.  The comptroller shall determine the amount to be deposited to the account under Subsection (c-3) according to available statistical data indicating the estimated or actual total receipts in this state from taxable sales of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, and other taxable expenditures directly related to horse ownership, riding, or boarding.  The comptroller shall determine the amount to be deposited to the credit of the account under Subsection (c-4) according to available statistical data indicating the estimated or actual total receipts in this state from the sale, storage, use, or other consumption of taxable items inside the boundaries of United States military bases. If satisfactory data are not available, the comptroller may require taxpayers who make taxable sales or uses of those lubricants, of sporting goods, of fireworks, [~~or~~] of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, or other taxable expenditures directly related to horse ownership, riding, or boarding, or of taxable items inside the boundaries of United States military bases to report to the comptroller as necessary to make the allocation required by Subsection (b), (c), (c-2), [~~or~~] (c-3), or (c-4).

SECTION 4.  Section 140.011, Local Government Code, as amended by this Act, applies to the eligibility of a local government to apply for, and the calculation of, a disabled veteran assistance payment beginning with the fiscal year of the local government that ends in the 2023 tax year.

SECTION 5.  This Act takes effect September 1, 2023.