

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 12, 2023**

**TO:** Honorable Terry M. Wilson, Chair, House Committee on Defense & Veterans' Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3031** by Johnson, Julie (Relating to a grant program for members of the Texas military forces experiencing financial hardship caused by a tax withholding error.), **As Introduced**

The fiscal implications of the bill cannot be determined due to the unknown number of eligible service members, the amount owed in federal income taxes due to compensation received, and the amount of the grants to be disbursed.

The bill would amend the Government Code to require the Texas Military Department (TMD) to create a grant program for Texas Military Forces service members that experienced financial hardship due to a federal tax withholding error related to compensation paid for Operation Lone Star. Under the provisions of the bill, TMD would develop an application process and guidelines related to grant disbursement. According to TMD, the agency estimates that an additional \$9.3 million in federal taxes were not withheld from service members' pay in relation to Operation Lone Star service, which affected 7,417 members of the Texas Military Forces. However, this amount does not equal tax liability for service members as it varies based on an individual's specific financial situation.

The cost of the bill would depend on the number of service members that meet the eligibility requirements as outlined in the provisions of the bill, the amount owed in federal income taxes due to compensation received by service members for Operation Lone Star, and the amount of the grants to be disbursed.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 401 Military Department

**LBB Staff:** JMc, AF, KFB, KVEL