

SUBJECT: Exempting residence homestead taxes for fully disabled veterans

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 6 ayes — Keffer, Ritter, Otto, Y. Davis, Flores, Peña
0 nays
3 absent — Bonnen, Paxton, Pitts

SENATE VOTE: On final passage, May 3 — 31-0

WITNESSES: For — James F. Cook, Jr., Native American Veterans, DAV, Purple Heart Lone Star Hethuska Society; John A. Miterko, Vietnam Veterans of America, Texas State Council; Joe Ramos, Catholic War Vet; William King Brown; (*Registered, but did not testify:* Daniel Gonzalez, Texas Association of Realtors; Patrick M. Reilly)

Against — None

BACKGROUND: Texas Constitution, Art. 8, sec. 1 provides that taxation be equal and uniform and requires that all taxable property be taxed in proportion to its value. Art. 8, sec. 1-b specifies certain exemptions for residence homesteads. Art. 8, sec. 2(b) allows the Legislature to exempt from taxation a certain portion of the value of property owned by a disabled veteran who is classified as at least 10 percent disabled by the Veterans Administration (VA) or a successor agency. It specifies exemptions proportionate to the disability rating of the veteran.

DIGEST: SJR 29 would amend the Texas Constitution by adding Art. 8, sec. 1-b(i), authorizing the Legislature to exempt from ad valorem taxation all or part of the market value of the residence homestead of certain disabled veterans. The Legislature could exempt the homestead property only of a veteran certified as having a 100 percent, or totally disabled, disability rating as a result of military service, using the definition of disabled veteran specified in art. 8, sec. 2(b). The Legislature could provide additional eligibility requirements for the program.

The proposal would be presented to the voters at an election on Tuesday, November 6, 2007. The ballot proposal would read: “The constitutional amendment authorizing the legislature to exempt all or part of the residence homesteads of certain totally disabled veterans from ad valorem taxation.”

**SUPPORTERS
SAY:**

SJR 29 would allow those veterans classified as fully disabled an exemption from property taxes. This classification means these veterans are completely unemployable, and this amendment would allow the Legislature to remove a significant burden for those whose ability to earn an income is severely hindered. This exemption would apply to those whose disabilities are service-connected, meaning these veterans have given their health and safety in defense of our freedom. This measure would be a gesture of gratitude on behalf of the State of Texas.

The VA calculates disability ratings based primarily on how an impairment affects the earning potential of the veteran. A disability rating of 100 percent means the veteran is completely unemployable due to physical and/or mental impairments, such as the loss of one or more hands or feet or loss of sight. Once a disability rating is calculated, it is rounded to the nearest multiple of 10. SJR 29 would not distinguish between a person rated totally disabled and one whose rating was 100 percent disabled, accounting for any changing federal definitions while also allowing for more latitude and discretion on the state level.

Under current law, a totally disabled veteran only can receive an exemption of up to \$12,000 from the property’s value. Although this helps defray costs, it does not significantly reduce the ever-increasing property tax burden veterans and all Texans are facing. For a disabled veteran who is completely unemployable and with limited means to earn an income, a full exemption from property taxes would allow more veterans facing rising appraisal values to keep their homes. The state should take whatever steps are necessary to ensure that those who sacrificed for their country are not forced to sell their property because they could not afford to stay in their homes.

**OPPONENTS
SAY:**

No one disagrees with granting benefits to veterans for their service to the nation, but this measure would have a significant effect on reducing revenue available to tax districts. This effect would be exacerbated by the influx of new disabled veterans returning from Iraq and Afghanistan. Technological advancements and new medical techniques, coupled with

more dangerous enemy weaponry, has led to different and sometimes more debilitating injuries than in previous conflicts, even while fatality rates in the conflicts in Iraq and Afghanistan are much lower than in previous wars. Additionally, totally disabled veterans do not face an increased tax burden because they are eligible for a tax freeze.

NOTES:

SB 666 by Corona, the enabling legislation for SJR 29, was reported favorably by the Ways and Means Committee on May 15 and has been placed on today's Major State Calendar. It would amend Tax Code sec. 11.13 to entitle a veteran classified as having a 100 percent, or totally disabled, disability rating as a result of military service to a tax exemption of the total appraised value of the veteran's residence homestead if voters approved SJR 29. The Legislative Budget Board estimates the change in the disabled veterans' exemption would result in an undetermined amount of lost revenue to local taxing units, causing an increase in costs to the Foundation School Fund.