

- SUBJECT:** Effective dates for a fully disabled veteran's homestead exemption
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 10 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Martinez Fischer, Murphy, Ritter, Villarreal
- 0 nays
- 1 absent — Woolley
- WITNESSES:** For — (*Registered, but did not testify:* Mike Barnett, Texas Association of Realtors; Jonathan Saenz, Liberty Institute)
- Against — None
- On — Jim Robinson, Texas Association of Appraisal Districts
- BACKGROUND:** Tax Code, sec. 11.131 fully exempts the residential homesteads of totally disabled veterans from property taxes. The exemption only applies in years in which the veteran owned the homestead on January 1.
- Totally disabled veterans qualify for the exemption by submitting documentation from the federal Veterans' Administration to their local appraisal district that shows both the veteran's 100 percent disability compensation and receipt of a 100 percent disability rating or unemployability.
- DIGEST:** CSHB 469 would allow totally disabled veterans to claim the exemption from property taxes on their residential homesteads as of the day they qualified for the exemption. The taxes paid would be prorated on the property from the day the veteran qualified until the end of the year.
- If the property became ineligible to receive the totally disabled veterans homestead exemption because the veteran no longer lived there or because his or her eligible survivors had moved out, the bill would require that the taxes on the property be pro-rated. The amount of taxes that otherwise would have been due on the property would apply for the remainder of the year.

The bill would take effect on January 1, 2012, and would apply only to an ad valorem tax year that began on or after that date.

**SUPPORTERS
SAY:**

CSHB 469 would fix an unintended loophole in the Tax Code that prevents a totally disabled veteran's homestead exemption from taking immediate effect on the day an eligible veteran qualifies for it. Under current law, the homestead exemption for totally disabled veterans is tied to the property itself and to the calendar. A totally disabled veteran must own the property on January 1 for the exemption to apply. Regardless of when a totally disabled veteran moves in, the new home will not receive the exemption until the next January 1. Similarly if a totally disabled veteran moves out of an exempted property, the property will continue to receive the exemption until the next January 1.

Waiting months for the homestead exemption to kick in can add thousands of dollars of additional property taxes to a totally disabled veteran's cost of moving into a new home. Conversely, the new owner of the totally disabled veteran's former home may enjoy the veteran's exemption for the remainder of the year even though that owner may not be a disabled veteran. Neither of these effects were intended by the Legislature when it created the totally disabled veterans homestead exemption in 2009.

CSHB 469 would correct these unintended results by prorating the property taxes due when the exemption began or terminated during the year. CSHB 469 would give totally disabled veterans the full exemption from property taxes on their homesteads that the Legislature intended.

According to the LBB's fiscal note, CSHB 469 would have no fiscal impact on the state or on local governments. The proration provisions of the bill would cause a loss to local governments when disabled veterans receive their homestead exemptions months earlier than they would under current law, but those same proration provisions would create a gain in property tax revenue when a totally disabled veteran moved out of a property, placing it back on the tax rolls. The fiscal note concludes that the gains and losses would be substantially equal.

While some local governments might lose small amounts of tax revenue when a totally disabled veteran became a property owner for the first time and received a homestead exemptions months earlier than under current law, this loss would be insignificant.

Any funds that local governments might lose when a totally disabled veteran moved from one region to another also would be insignificant. While the offsets to local revenue would not apply if a totally disabled veteran moved into or out of a region, losses and gains to local governments would be minimal.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute differs from the bill as filed in that it would prorate the total exemption from property taxes as opposed to granting the exemption for the entire taxable year, regardless of when the totally disabled veteran qualified for the exemption.

The companion bill, SB 201 by Uresti, passed the Senate by 31-0 on April 7 and was referred to the House Ways and Means Committee on April 14.