

- SUBJECT:** Spouses inheriting a totally disabled veteran's homestead tax exemption
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 10 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Murphy, Ritter, Villarreal, Woolley
- 0 nays
- 1 absent — Martinez Fischer
- WITNESSES:** For — James Cunningham, Texas Coalition of Veterans Organizations, Council of Chapter Military Officers Association of America; Morgan Little, Texas Coalition of Veterans Organizations; (*Registered, but did not testify*: Marida Favia del Core Borromeo, Exotic Wildlife Association; Carlos Higgins, Texas Silver-Haired Legislature; Patrick Reilly)
- Against — None
- On — Tim Wooten, Texas Comptroller
- BACKGROUND:** Tax Code, sec. 11.131 fully exempts the residential homesteads of totally disabled veterans from property taxes.
- DIGEST:** HJR 48 would allow the surviving spouse of a totally disabled veteran to continue to receive the property tax exemption on a homestead after the totally disabled veteran's death. A homestead would qualify if:
- it had received the full exemption from property taxes under the totally disabled veteran's exemption;
 - the surviving spouse had not remarried;
 - the property was the residence homestead of the surviving spouse when the totally disabled veteran died; and
 - the property remained the residence homestead of the surviving spouse.
- The provision would take effect January 1, 2012, and would apply only to a tax year beginning on or after that date.

The proposal would be presented to the voters at an election on Tuesday, November 8, 2011. The ballot proposal would read: “The constitutional amendment authorizing the legislature to exempt from ad valorem taxation the residence homestead of the surviving spouse of a 100 percent or totally disabled veteran in an amount equal to the amount of the residence homestead exemption to which the disabled veteran was entitled on the same property.”

**SUPPORTERS
SAY:**

Current law provides a full exemption from property taxes on the residential homesteads of totally disabled veterans. Unfortunately, this exemption does not transfer to a surviving spouse upon the death of a veteran. As a result, the loss sustained by the surviving spouse is compounded with the need to figure out how to pay for unexpected property-tax bills.

As these disabled veterans face the end of their lives, their greatest concern is over the fate of their families. HJR 48 and its accompanying enabling legislation would provide them with some measure of peace of mind.

Texas already grants certain surviving spouses the right to inherit other property tax breaks. For instance, the school tax freeze awarded to the owner of a residential homestead at age 65 is transferable to a surviving spouse as long as the spouse is at least 55 years old at the time of the transfer. HJR 48 and its enabling legislation would be a sensible extension of this policy.

While the current enabling legislation carries a fiscal note, that bill would not remove property from the tax rolls, but only would extend the time such property remained off the rolls. Further, enabling legislation could be changed to address some of the costs in the out years. An example would be requiring the surviving spouse to apply yearly for the exemption to ensure that a remarried spouse did not receive the exemption for a longer period than was necessary. Another example would be allowing the exemption to follow the surviving spouse into a new homestead property. If the spouse moved to a less valuable property, then the more valuable original homestead would be returned to the property tax rolls. If the surviving spouse moved to a more valuable property, the spouse would be able to exempt only the value of the original homestead.

OPPONENTS
SAY:

By extending the time that certain properties remain exempted from property taxes, HJR 48 would decrease revenue to the state and local governments. According to the LBB's fiscal note, the enabling legislation for HJR 48, HB 472 by C. Anderson, would cost \$1.1 million in general revenue funds in fiscal 2012-13 and \$6 million in fiscal 2014-15. It would cost local governments several million dollars as well. The state cannot continue to grant tax exemptions when schools, health care, and other essential programs are critically underfunded.

NOTES:

The enabling legislation, HB 472 by C. Anderson, was reported favorably without amendment by the House Ways and Means Committee on May 6 and was referred to the Local and Consent Calendars Committee.

The companion joint resolution, SJR 21 by Patrick, was considered in the Senate Finance Committee on March 21 and left pending.