

SUBJECT: Homestead exemptions for surviving spouses of certain disabled veterans

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Murphy, Parker, Springer, C. Turner, Wray

0 nays

WITNESSES: For — Olie L. Pope, Jr., County Veteran Service Officers Association of Texas; Jim Brennan, Texas Coalition of Veteran Organizations
(*Registered, but did not testify*: Ned Munoz, Texas Association of Builders)

Against — None

On — (*Registered, but did not testify*: Mike Esparza and Tim Wooten, Comptroller of Public Accounts; Wayne Pulver, Legislative Budget Board; Jeff Williford, Texas Veterans Commission)

BACKGROUND: Tax Code, sec. 11.131(b) fully exempts the residence homesteads of totally disabled veterans from property taxes.

In 2011, the 82nd Legislature enacted SB 516 by Patrick and SJR 14 by Van de Putte, which fully exempts the residential homesteads of totally disabled veterans' surviving spouses from property taxes if:

- the property had received the full homestead exemption under the disabled veteran's status;
- the property was the residence homestead of the surviving spouse when the disabled veteran died;
- the property remains the residence homestead of the surviving spouse; and
- the surviving spouse has not remarried.

The exemption is applied only to the homesteads of surviving spouses of totally disabled veterans who died on or after January 1, 2010, the effective date of HB 3613 by Otto, which created Tax Code, sec. 11.131(b).

This exemption is allowed to follow the surviving spouse to a new homestead, although it would be limited to the dollar amount of the exemption in the prior qualifying homestead.

DIGEST:

HB 992 is the enabling legislation for HJR 75 by D. Bonnen. The bill would extend the homestead exemption in existing law that applies to the surviving spouse of a totally disabled veteran who died on or after January 1, 2010, to the surviving spouse of a totally disabled veteran who:

- died before January 1, 2010; and
- would have qualified for the full exemption on the homestead's entire value if it had been available to totally disabled veterans at that time.

A surviving spouse who otherwise qualified would be entitled to an exemption from taxation of the appraised value of the same property to which the disabled veteran's exemption would have applied if it had been authorized on the date the disabled veteran died.

This change would apply only to the tax years beginning on or after January 1, 2016.

The bill would take effect January 1, 2016, if the Texas Constitution was amended to authorize the Legislature to provide for these changes. Otherwise, the bill would have no effect.

**SUPPORTERS
SAY:**

HB 992 would provide a valuable form of tax relief for the spouses of deceased disabled veterans. Any fiscal impact on a single taxing district would be minimal, but the impact on individual families of totally disabled military veterans would be considerable.

Current law unintentionally creates two classes of surviving spouses of totally disabled veterans — those whose spouses died before January 1, 2010, and those whose spouses died after that date. Those whose spouses died before 2010 receive a full property tax exemption on their homestead, but those whose spouses died after are not eligible to inherit qualification for the exemption.

According to estimates by the comptroller, this bill would allow roughly 3,800 surviving spouses of totally disabled veterans who died before 2010 to claim this exemption, providing a lasting form of appreciation to those who have sacrificed so much.

**OPPONENTS
SAY:**

The Legislative Budget Board's fiscal note on HB 992 indicates that school districts, municipalities, counties, and other special taxing districts (such as hospitals) would lose some tax revenue as a result of the bill in conjunction with voter approval of HJR 75. The Legislature should be mindful of this bill's impact on these local taxing entities.

NOTES:

The proposed constitutional amendment that would authorize this legislation, HJR 75 by D. Bonnen and Martinez Fischer, is scheduled for second-reading consideration on today's calendar.

The Legislative Budget Board's fiscal note estimates that the bill would have a negative impact of about \$1.3 million to general revenue-related funds during fiscal 2016-17 and \$13.2 million through fiscal 2018-19 due to the projected need to replace a loss in school property tax revenues with state funds.

The Senate companion bill, SB 910 by Zaffirini, was referred to the Senate Finance Committee on March 9.