

SUBJECT: Prohibiting appraisers from requiring reapplication for certain exemptions

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — D. Bonnen, Y. Davis, Bohac, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

1 absent — E. Johnson

WITNESSES: For — (*Registered, but did not testify*: Cheryl Johnson and Sheryl Swift, Galveston County Tax Office; Daniel Gonzalez and Julia Parenteau, Texas Association of REALTORS; Felicia Wright, Texas Association of Builders)

Against — None

On — Laurie Mann, Comptroller of Public Accounts

BACKGROUND: Tax Code, sec. 11.131 provides an exemption from homestead taxation for veterans who receive 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or individual unemployability.

Sec. 11.43(c) provides that an exemption under sec. 11.131, once allowed, does not need to be claimed in subsequent years unless the chief appraiser requires a person to file a new application confirming that the person still qualifies for the exemption. Chief appraisers may not cancel an exemption for a person who is 65 or older who did not reapply unless certain notice is provided.

DIGEST: HB 1101 would prohibit chief appraisers from requiring veterans who claimed homestead tax exemptions under sec. 11.131 to reapply for qualification if they had a permanent total disability as determined by the U.S. Department of Veterans Affairs.

The bill would take effect January 1, 2018.

**SUPPORTERS  
SAY:**

HB 1101 would relieve veterans with a permanent total disability of a cumbersome burden and make it easier for them to receive the exemptions to which they are entitled and stay in their homes. In order for a veteran to be 100 percent disabled, a doctor must certify that the veteran will never recover from his or her injuries, making annual reapplication unnecessary. The bill would remove the reapplication requirement for veterans with a permanent total disability, streamlining the process of maintaining an exemption.

The bill would send a clear message that Texas honors its veterans. Veterans with a permanent total disability have made great sacrifices to preserve the security and quality of life of Texans, and requiring them to reapply to certify their disabilities is inappropriate.

The risk of fraud associated with this bill would be negligible. Disabled veterans and their families should be trusted to notify local tax assessors of a change in exemption. Also, the potential for fraud already exists for totally disabled veterans over the age of 65 whose exemptions may not be cancelled immediately if they do not reapply, so the bill would not create a unique risk. Concerns about the cost of managing changes in ownership are unwarranted. Most appraisal districts already retain resources to mitigate fraud and oversee changes in home ownership, so the bill would not cause them to incur additional costs.

**OPPONENTS  
SAY:**

HB 1101 could create a potential for fraud in the homestead tax exemption system because it would restrict the ability of local appraisers to monitor changes in home ownership and disability status. Appraisal districts use tools such as the Veterans' Affairs Certificate of Eligibility to certify that veterans are entitled to an exemption in this state, and the bill would remove their authority to request such a letter to verify a veteran's continuing eligibility. Also, if a qualifying veteran were to move or pass away without an official deed transfer, the appraiser would not be able to certify the exemption was being used as intended, and this could represent

a cost to taxpayers.

While it is unlikely that someone with a 100 percent disability rating will recover, advances in medicine and technology make it possible, so appraisers still should be allowed to request recertification to ensure that exemptions are claimed only by those entitled to them. Also, most appraisal districts do not require disabled veterans to reapply annually, and those that do often provide envelopes, stamps, an e-mail option, or personal delivery to ease the burden.

**NOTES:**

According to the Legislative Budget Board's fiscal note, HB 1101 could create an indeterminate cost to the state through school finance formulas in instances when a change in property ownership that removed the property's eligibility for the exemption went unnoticed by the appraisal district.