

SUBJECT: Expanding eligibility for funds to offset exemptions for disabled veterans

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — D. Bonnen, Y. Davis, Bohac, Darby, E. Johnson, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

WITNESSES: For — David Mitchell and Robert Robinson, City of Harker Heights; Eric Glenn, City of Killeen; (*Registered, but did not testify:* Tom Tagliabue, City of Corpus Christi; Ender Reed, Texas Association of Counties; JJ Rocha, Texas Municipal League)

Against — None

On — Mike Esparza, Comptroller of Public Accounts

BACKGROUND: Tax Code, sec. 11.131 provides a full homestead exemption for the homestead of a 100 percent disabled veteran or a surviving spouse who maintains the homestead.

Local Government Code, sec. 140.011 provides assistance to local governments disproportionately affected by the provision of homestead exemptions to 100 percent disabled veterans under Tax Code, sec. 11.131. Only municipalities adjacent to a United States military installation or counties in which a U.S. military installation is located qualify for assistance, and a qualifying locality only may receive assistance if the locality loses at least 2 percent of its general fund revenue due to the exemption.

DIGEST: HB 2356 would expand eligibility for assistance provided by Local Government Code, sec. 140.011 to include counties adjacent to a county in which a U.S. military installation is located and any municipality at least partially within the boundaries of an eligible county.

This bill would take effect September 1, 2017, and would allow any newly eligible locality to apply for assistance for costs imposed during a fiscal year ending in the 2017 tax year.

**SUPPORTERS
SAY:**

HB 2356 would allow the City of Harker Heights to qualify for assistance fulfilling an otherwise unfunded mandate imposed by the state. Localities near military bases, where veterans frequently choose to reside after leaving the armed services, can be disproportionately impacted by the requirement to extend a homestead exemption for the full value of a 100 percent disabled veteran's homestead.

Harker Heights loses more than 5 percent of its total general fund revenues due to this exemption, which is more than several other localities that currently qualify. However, the city does not qualify because it technically is not adjacent to a military installation, even though it is only 1.5 miles from Fort Hood. HB 2356 would allow Harker Heights to qualify and receive much-needed assistance. This bill would not increase the cost to the state, as it merely would allow the city to qualify for a program funded by existing appropriations.

The assistance program is not designed to cover the full cost of the exemption but only to compensate localities that are disproportionately affected. The addition of a single city would not compromise the program's ability to fulfill this purpose.

**OPPONENTS
SAY:**

HB 2356 would expand eligibility for assistance without increasing the appropriation for reimbursements, making fewer funds available for other qualifying localities. While Harker Heights should be afforded some form of assistance, the Legislature should increase funding for the program before expanding eligibility. Funding is stretched thin and insufficient to cover the cost of the exemption. It is likely to become increasingly insufficient as veterans age and populations of disabled veterans grow.