

- SUBJECT:** Higher maximum property tax exemptions for certain disabled veterans
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 8 ayes — J. Keffer, Villarreal, Edwards, Grusendorf, Luna, Paxton, Ritter, Woolley
- 0 nays
- 1 absent — Smithee
- WITNESSES:** None
- BACKGROUND:** Under Tax Code, ch. 11.22, veterans who are Texas residents and disabled while serving in the U.S. armed forces may receive property tax exemptions on one property. The exemption is based on the extent of the disability. A veteran with a disability rating of:
- 10 percent to 30 percent is eligible for a \$5,000 exemption;
 - 31 percent to 50 percent is eligible for a \$7,500 exemption;
 - 51 percent to 70 percent is eligible for a \$10,000 exemption; and
 - 71 percent to 100 percent is eligible for a \$12,000 exemption.
- A veteran also is entitled to the \$12,000 property tax exemption who is 65 years of age or older and has a disability rating of at least 10 percent, is totally blind in one or both eyes, or has lost the use of one or more limbs.
- The surviving spouse or unmarried child under 18 years old of a veteran killed during military service may receive the exemption granted to a deceased veteran.
- DIGEST:** HB 2784 would authorize a taxing unit to grant additional property tax exemptions up to \$50,000 to Purple Heart recipients with disability ratings of 71 percent or higher. The governing body of taxing unit would determine the amount of the exemption. The bill would extend the exemption to a the surviving spouse of a qualified, deceased veteran.

The bill would take effect January 1, 2006, if voters approve HJR 89 by Wong, the proposed constitutional amendment proposed by the 79th Legislature that would allow political subdivisions to offer the additional property tax exemption. If HJR 89 is not approved by voters, this bill would have no effect.

**SUPPORTERS
SAY:**

HB 2784 would authorize local governments to provide greater tax relief to veterans who sustained severe injuries during combat. While property taxes are a heavy burden to many working citizens, the burden is far greater on disabled veterans. These veterans, having sustained the highest level of disability ratings, are unable to work and face profound financial challenges that threaten their home ownership. The relief offered by this bill would enable many veterans and their families to remain in their homes.

Taxing units would authorize specific amounts of the exemptions up to \$50,000. The bill would reduce property tax revenues only by as much as governing bodies of taxing units saw fit. Former soldiers who have earned Purple Hearts should receive additional property tax relief in order to retain home ownership for themselves and their families.

**OPPONENTS
SAY:**

Veterans already receive property tax exemptions under current law. Providing further exemptions for them in favor of other deserving citizens would be unfair. When exemptions are issued, other taxpayers bear a larger tax burden, inappropriately permitting inequitable treatment under law.

As property value is taken off the property tax rolls, local governments and taxing units experience financial constraints. The property tax system already strains school funding, and local governments rely on property taxes to fund local services and meet state and federal mandates. New exemptions would reduce much needed revenue.

NOTES:

HJR 89 by Wong, the constitutional amendment to authorize the Legislature to grant further exemptions, was left pending in the House Ways and Means Committee on April 20.

The fiscal note projects no significant fiscal impact to the state as a result of this bill, but indicates that there may be 19,000 Purple Heart recipients in the state and that 16,172 Texas veterans currently have disability ratings of 71 percent or greater.