

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1368
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The State of Texas enacted property tax exemptions for fully disabled veterans (H.B. 3613, 81st Legislature, Regular Session, 2009) and subsequently their surviving spouse (S.B. 516, 82nd Legislature, Regular Session, 2011) on property claimed as their homestead. The legislation had unintended consequences for cities and counties located near or around major military installations in the form of major revenue losses. These communities and counties are unique in that they have traditionally had concentrated numbers of disabled veterans make these areas their home after separating from the military. The final result of the revenue shortfalls experienced by the affected local governments has been a reduction in overall services and elimination of personnel.

While these local governments recognize the merit in providing assistance to those who have served our nation in the armed services, the loss of revenue is uniquely challenging to military cities and counties as they work to provide basic services. These tax exemptions are indirectly impacting the populations that they were intended to benefit, forcing affected local governments to make reductions in services that would otherwise serve the community as a whole.

C.S.S.B. 1368 works to lessen the impact of property tax exemptions enacted by the legislature by spreading the burden of these costs more equitably among the residents of the state.

C.S.S.B. 1368 amends current law relating to the provision of state aid to certain local governments disproportionately affected by the granting of ad valorem tax relief to disabled veterans.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 140, Local Government Code, by adding Section 140.011, as follows:

Sec. 140.011. LOCAL GOVERNMENTS DISPROPORTIONATELY AFFECTED BY PROPERTY TAX RELIEF FOR DISABLED VETERANS. (a) Defines, in this section: "general fund revenue," "local government," and "qualified local government."

(b) Provides that to serve the state purpose of ensuring that the cost of providing ad valorem tax relief to disabled veterans is shared equitably among the residents of this state, a local government is entitled to a disabled veteran assistance payment from the state for each fiscal year that the local government is a qualified local government. Provides that a local government is a qualified local government for a fiscal year if the amount of lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year is equal to or greater than two percent of the local government's general fund revenue for that fiscal year.

(c) Provides that for the purposes of this section, the amount of a local government's lost ad valorem tax revenue for a fiscal year is calculated by multiplying the ad valorem tax rate adopted by the local government under Section 26.05 (Tax Rate), Tax Code, for the tax year in which the fiscal year begins by the total appraised value of all property located in the local government that is granted an exemption from taxation under Section 11.131, Tax Code, for that tax year.

(d) Provides that a disabled veteran assistance payment made to a qualified local government for a fiscal year is calculated by subtracting from the local government's lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year an amount equal to one percent of the local government's general fund revenue for that fiscal year.

(e) Authorizes a qualified local government, not later than April 1 of the first year following the end of a fiscal year for which a qualified local government is entitled to a disabled veteran assistance payment, to submit an application to the comptroller of public accounts of the State of Texas (comptroller) to receive a disabled veteran assistance payment for that fiscal year. Requires that the application be made on a form prescribed by the comptroller. Authorizes the comptroller to require the qualified local government to submit an independent audit otherwise required by law to be prepared for the local government for the fiscal year for which a qualified local government is entitled to the payment.

(f) Provides that a qualified local government that does not submit an application to the comptroller by the date prescribed by Subsection (e) is not entitled to a disabled veteran assistance payment for the fiscal year for which that deadline applies.

(g) Requires the comptroller to review each application by a local government to determine whether the local government is entitled to a disabled veteran assistance payment. Requires the comptroller, if the comptroller determines that the local government is entitled to the payment, to remit the payment from available funds to the qualified local government not later than the 30th day after the day after the date the application for the payment is made.

SECTION 2. Requires the comptroller, as soon as practicable, but not later than December 1, 2015, to develop the disabled veteran assistance payment form required by Section 140.011(e), Local Government Code, as added by this Act.

SECTION 3. Provides that a local government that is a qualified local government, as that term is defined by Section 140.011(a), Local Government Code, as added by this Act, for a fiscal year that began in the 2014 tax year, is eligible to apply for a disabled veteran assistance payment as prescribed by Section 140.011, Local Government Code, for that fiscal year.

SECTION 4. Effective date: upon passage or September 1, 2015.