

SUBJECT: Increased ad valorem tax exemption for disabled veterans, families

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 8 ayes — Craddick, Finnell, Heflin, Holzheuser, Horn, T. Hunter,  
Oliveira, Romo

0 nays

3 absent — Wolens, Marchant, Place

WITNESSES: None

DIGEST: Article 8, sec. 2(b), of the Texas Constitution, adopted in 1972, allows the Legislature to grant an ad valorem tax exemption for disabled veterans and their surviving spouses and minor children. Tax Code sec. 11.22 outlines the ad valorem tax exemptions granted under this authority.

Disabled veterans are entitled to an ad valorem tax exemption according to their disability rating: a veteran with a disability rating of less than 10 percent is not entitled to an exemption; a veteran with a disability rating of 10 to 30 percent is entitled to a \$1,500 exemption; a veteran with a disability rating of 31 to 50 percent is entitled to a \$2,000 exemption; a veteran with a disability rating of 51 to 70 percent is entitled to a \$2,500 exemption; and a veteran with a disability rating of more than 70 percent, a veteran with a disability rating of more than 10 percent who is also over 65 years old, or a veteran who is totally blind in one or both eyes or who has lost the use of one or more limbs is entitled to a \$3,000 exemption.

The spouse and children of any member of the United States armed forces who dies while on active duty are entitled to a \$2,500 exemption from ad valorem taxes; and a deceased disabled veteran's surviving spouse and children are entitled to an exemption equal to the amount the veteran was entitled to when the veteran died.

DIGEST: HJR 68 would amend Art. 8, sec. 2(b), Texas Constitution, to allow the Legislature to raise the limits of the exemption from ad valorem taxation of

property owned by disabled veterans or by their surviving spouses and minor children.

The amendment would allow the Legislature to raise the limits according to the following schedule: a veteran with a disability rating of less than 10 percent is not entitled to an exemption; the ad valorem tax exemption for a veteran with a disability rating of 10 to 30 percent would be raised from \$1,500 to \$5,000; the ad valorem tax exemption for a veteran with a disability rating of 31 to 50 percent would be raised from \$2,000 to \$10,000; the ad valorem tax exemption for a veteran with a disability rating of 51 to 70 percent would be raised from \$2,500 to \$15,000; and the ad valorem tax exemption for a veteran with a disability rating of more than 70 percent, a veteran with a disability rating of more than 10 percent who is also over 65 years old, or a veteran who is totally blind in one or both eyes or who has lost the use of one or more limbs would be raised from \$3,000 to \$15,000.

The exemption from ad valorem taxes for the spouse and children of any member of the United States armed forces who dies while on active duty would be raised from \$2,500 to \$5,000; and a deceased disabled veteran's surviving spouse and children would be entitled to an exemption equal to the amount the veteran was entitled to when the veteran died.

The proposal would be presented to voters at an election on November 7, 1995. The ballot proposal would read: "The constitutional amendment relating to raising the limits of the exemption from ad valorem taxation of property owned by disabled veterans or by the surviving spouses or surviving minor children of disabled veterans."

**SUPPORTERS  
SAY:**

Disabled veterans have paid a high price in defense of our country and deserve public benefits to recognize and reward them for their service. All 50 states grant to disabled veterans and their surviving spouses some form of exemption from ad valorem taxation of property owned by the veteran. Texas grants an ad valorem exemption as low as \$1,500 for a disabled veteran. This exemption is one of the lowest in the nation. Men and women who are disabled as a result of their military service deserve better. Some counties in Texas grant disabled veterans much higher exemptions.

The Special Committee on Veterans' Affairs interim report recommended that the Legislature increase the exemption from ad valorem taxation of property owned by disabled veterans or by their surviving spouses and minor children. The exemption, first approved in 1972, has not been raised since that time. Tax assessors estimate that if the exemption was increased 10-fold it still would not be as valuable to the veteran as it was in 1972, due to the effects of inflation and increasing taxes.

The Veterans Service Office estimates the loss in tax revenue for this proposal if fully implement would be only \$1.4 million statewide, little enough for our disabled veterans and the sacrifices they made.

**OPPONENTS  
SAY:**

The comptroller's property tax division has estimated that local governments, including school districts, would lose approximately \$6.7 million if this resolution were to be approved. A \$6.7 million loss to public schools and local governments is a significant amount and would have to made up by other taxpayers.

**OTHER  
OPPONENTS  
SAY:**

The resolution should allow for automatic increases in the exemption from ad valorem taxation triggered by inflation or increases in the tax rate.

**NOTES:**

The changes proposed by this resolution would allow the Legislature to increase the exemption from ad valorem taxation; the implementing legislation would change the Tax Code. HB 177 by Willis, the implementing legislation for this resolution, has been set on the General State Calendar for Thursday.