

- SUBJECT:** Spouses inheriting totally disabled veteran's homestead tax exemption
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 7 ayes — Hilderbran, Otto, Elkins, Gonzalez, Lyne, Murphy, Woolley
0 nays
4 absent — Christian, Martinez Fischer, Ritter, Villarreal
- SENATE VOTE:** On final passage, May 12 — 31-0
- WITNESSES:** (*On House companion bill, HB 472:*)
For — James Cunningham, Texas Coalition for Veterans Organizations, Texas Council of Chapter Military Officers Association of America; Morgan Little, Texas Coalition of Veterans Organizations; (*Registered, but did not testify:* Marida Favia del Core Borrromeo, Exotic Wildlife Association; Carlos Higgins, Texas Silver-Haired Legislature; Patrick Reilley)

Against — None

On — Tim Wooten, Texas Comptroller of Public Accounts
- BACKGROUND:** Tax Code, sec. 11.131 fully exempts the residential homesteads of totally disabled veterans from property taxes.
- DIGEST:** SB 516 would allow the surviving spouse of a totally disabled veteran to continue to receive the property tax exemption for a residential homestead after the veteran's death. A homestead would qualify if:
- it had received the exemption from property taxes under the disabled veteran's exemption;
 - the property was the residence homestead of the surviving spouse when the disabled veteran died;
 - the property remained the residence homestead of the surviving spouse; and
 - the surviving spouse had not remarried.

SB 516 would allow the exemption to follow the surviving spouse to a new homestead. The exemption would be limited to the dollar amount of the exemption in the prior qualifying homestead. The exemption would end if the surviving spouse remarried.

The surviving spouse would be entitled to receive from the local appraisal district information necessary to determine the dollar amount of the homestead exemption to which the surviving spouse was entitled on a subsequently qualifying homestead if the spouse decided to move.

The change would apply starting with the tax year beginning January 1, 2012. The bill would take effect January 1, 2012, if the Texas Constitution was amended to authorize the Legislature to provide for these changes.

**SUPPORTERS
SAY:**

Current law provides a full exemption from property taxes on the residential homesteads of totally disabled veterans. Unfortunately, this exemption does not transfer to a surviving spouse upon the death of a veteran. As a result, the loss sustained by the surviving spouse is compounded by the need to ascertain how to pay for unexpected property tax bills.

As these disabled veterans face their final years, their greatest concern relates to the fate of their families. SB 516 would provide them with some measure of peace of mind.

Texas already grants certain surviving spouses the right to inherit other property tax breaks. For instance, the school tax freeze awarded to the owner of a residential homestead at age 65 is transferable to a surviving spouse as long as the spouse is at least 55 years old at the time of the transfer. SB 516 would be a sensible extension of this policy.

SB 516 would help to contain the cost of this exemption by allowing it to follow the surviving spouse into a new homestead property. If the surviving spouse moved to a less valuable property, then the more valuable original homestead would be returned to the property tax rolls. If the surviving spouse moved to a more valuable property, the spouse would be able to exempt only the value of the original homestead.

OPPONENTS
SAY:

By extending the time that certain properties remained exempted from property taxes, SB 516 would decrease ad valorem revenue to local governments. The state should not grant tax exemptions when schools, health care, and other essential programs are critically underfunded.

NOTES:

The proposed constitutional amendment that would authorize this legislation, SJR 14 by Van de Putte, is on today's Constitutional Amendments Calendar.