

SUBJECT: Allowing property tax exemptions for Purple Heart recipients and spouses

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — D. Bonnen, Bohac, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Y. Davis, E. Johnson

WITNESSES: For — (*Registered, but did not testify:* Alexie Swirsky)

Against — Hilary Shine, City of Killeen; (*Registered, but did not testify:* Jerry Bark, City of Harker Heights; James Popp, Tax Equity Council; Dana Blanton)

BACKGROUND: Texas Constitution, Art. 8, sec. 1-b(i) authorizes the Legislature to provide a partial or total residence homestead exemption to a 100 percent disabled veteran.

Sec. 1-b(j) allows the Legislature to provide a partial or total residence homestead exemption to the surviving spouse of a 100 percent disabled veteran, provided that the spouse had not remarried, the property was the spouse's residence homestead at the time of the veteran's death, and the property remained the spouse's residence homestead.

Art. 8, sec. 2(b) allows the Legislature by general law to exempt property owned by a disabled veteran or surviving spouse and minor children from property taxes. A veteran with a disability rating of at least 10 percent is entitled to an exemption, ranging from \$5,000 to \$12,000, depending on disability rating, age, and type of disability.

DIGEST: HJR 20 would amend the Texas Constitution to allow the Legislature to provide a partial or total residence homestead exemption to a Purple Heart recipient.

It also would allow the Legislature to entitle the surviving spouse of a Purple Heart recipient who qualified for the exemption to a partial or total residence homestead exemption, provided the surviving spouse had not remarried, the property was the spouse's residence homestead when the Purple Heart recipient died, and the property remained the spouse's residence homestead.

If the surviving spouse moved to a new homestead after receiving an exemption, the Legislature also could entitle the spouse to an exemption on the new homestead equal to the dollar amount of the exemption for the previous homestead in the last year in which it was received.

The Legislature by general law could define "Purple Heart recipient" and prescribe additional eligibility requirements for the exemption.

The ballot proposal would be presented to voters at an election on November 7, 2017. The proposal would read: "The constitutional amendment authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homestead of a Purple Heart recipient or the surviving spouse of a Purple Heart recipient."

If approved by voters, the amendment would take effect January 1, 2018, and would apply to a tax year beginning on or after that date.

**SUPPORTERS
SAY:**

HJR 20 would signal that Texas honors the sacrifices of its Purple Heart recipients and families by extending the same well deserved property tax exemption available for 100 percent disabled veterans and their surviving spouses to Purple Heart recipients and their surviving spouses. Many veterans who received the Purple Heart were seriously wounded serving the country, and those who are not 100 percent disabled deserve property tax relief for their service beyond the exemption amounts available for partially disabled veterans, which are capped at \$12,000 under current law.

Although the cost to the state or local communities would be worthwhile, exempting Purple Heart recipients would not inordinately burden military communities. The enabling legislation, HB 72 by Bohac, would reduce the impact to certain communities by adding the exemption into the calculation for eligibility to receive state assistance to make up for a portion of the revenue lost to homestead exemptions for certain veterans. Only about 15,000 Purple Heart recipients would be eligible to receive the exemption, whereas 68,000 100-percent disabled veterans and spouses already receive the full homestead exemption.

OPPONENTS
SAY:

HJR 20 would place a requirement on local governments that could disproportionately harm military communities by allowing for the erosion of local government property tax bases. Exempting a specific category of people, regardless of how deserving they may be, also results in an increased tax burden on other homeowners.

NOTES:

HB 72 by Bohac, the enabling legislation for HJR 20, is set for second-reading consideration on today's calendar.

According to the Legislative Budget Board, HJR 20 would have no fiscal implication to the state other than the cost for publication of the resolution, which would be \$114,369. Any additional fiscal implication would be attributable to the resolution's enabling legislation.