

By: Sheffield

H.B. No. 3295

A BILL TO BE ENTITLED

AN ACT

relating to the provision of state aid to certain local governments disproportionately affected by the granting of ad valorem tax relief to disabled veterans.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 140, Local Government Code, is amended by adding Section 140.011 to read as follows:

Sec. 140.011. LOCAL GOVERNMENTS DISPROPORTIONATELY AFFECTED BY PROPERTY TAX RELIEF FOR DISABLED VETERANS. (a) In this section:

(1) "Affected local government" means:

(A) a municipality bordered by or adjacent to a United States military installation and that has for a tax year a disproportionate share of lost ad valorem tax revenue as the result of the granting of disabled veteran tax exemptions for that tax year; and

(B) a county in which a United States military installation is wholly or partly located and that has for a tax year a disproportionate share of lost ad valorem tax revenue as the result of the granting of disabled veteran tax exemptions for that tax year.

(2) "Disabled veteran assistance payment" means a payment calculated under this section and made by the state to an affected local government to partially offset a disproportionate

1 share of lost ad valorem tax revenue of the affected local
2 government in a tax year as the result of the granting of disabled
3 veteran tax exemptions.

4 (3) "Disabled veteran tax exemption" means an
5 exemption from ad valorem taxation under Section 11.131, Tax Code.

6 (4) "Disproportionate share of lost ad valorem tax
7 revenue" means an amount of lost ad valorem tax revenue equal to or
8 greater than two percent of a local government's total general fund
9 revenues in a tax year that the local government is not entitled to
10 receive as the result of the granting of disabled veteran tax
11 exemptions for that tax year. For the purpose of this subdivision,
12 lost ad valorem tax revenue is calculated by multiplying the total
13 appraised value of all property located within the boundaries of
14 the local government and exempted from ad valorem taxation as the
15 result of the granting of disabled veteran tax exemptions for the
16 tax year by the ad valorem tax rate adopted by the local government
17 in that tax year under Section 26.05, Tax Code.

18 (5) "General fund revenues" means all property taxes,
19 sales and use taxes, franchise taxes, service charges, permit and
20 inspection fees, court fines and fees, parks and recreation program
21 fees excluding golf course fees, animal control fees, county
22 intergovernmental fees, and interest earnings.

23 (b) To serve the state purpose of ensuring that the cost of
24 providing ad valorem tax relief to disabled veterans is shared
25 equitably among the residents of this state, an affected local
26 government is entitled to receive from the state for each tax year
27 that the local government is an affected local government a

1 disabled veteran assistance payment.

2 (c) A disabled veteran assistance payment to an affected
3 local government is calculated by subtracting from the lost ad
4 valorem tax revenue of the affected local government resulting from
5 the disabled veteran tax exemption in the tax year in which the
6 application is made under Subsection (d) an amount equal to one
7 percent of the general fund revenues of the affected local
8 government's adopted budget in that tax year.

9 (d) Not later than December 31 of a tax year, a local
10 government that is an affected local government in that tax year may
11 submit an application to the comptroller to receive a disabled
12 veteran assistance payment for that tax year. The application must
13 be made on a form prescribed by the comptroller.

14 (e) An affected local government that does not submit an
15 application to the comptroller by December 31 of a tax year is not
16 entitled to a disabled veteran assistance payment for that tax
17 year.

18 (f) The comptroller shall review each application by a local
19 government for a disabled veteran assistance payment to determine
20 whether the local government is an affected local government
21 entitled to the payment. If the comptroller determines that the
22 local government is entitled to the payment, the comptroller shall
23 remit the payment from available funds to the affected local
24 government not later than April 30 of the year following the tax
25 year in which the application is made.

26 SECTION 2. As soon as practicable, but not later than
27 December 1, 2015, the comptroller of public accounts shall develop

1 the disabled veteran assistance payment form required by Section
2 140.011(d), Local Government Code, as added by this Act.

3 SECTION 3. A local government that is an affected local
4 government, as that term is defined by Section 140.011(a), Local
5 Government Code, as added by this Act, for the 2015 tax year is
6 eligible to apply for a disabled veteran assistance payment, as
7 that term is defined by Section 140.011(a), Local Government Code,
8 for that tax year.

9 SECTION 4. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2015.