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## FISCAL IMPACT REPORT

SPONSOR: Gonzales DATE TYPED: 02/27/01 HB 727  
 SHORT TITLE: Increase Property Tax Exemption for VETS SB \_\_\_\_\_  
 ANALYST: Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	NFI			

Duplicates/Conflicts with/Companion to/Relates to \_\_\_\_\_

### SOURCES OF INFORMATION

Taxation and Revenue Department

### SUMMARY

#### Synopsis of Bill

House Bill 727 would increase the veterans exemption against property taxes from \$2,000 to \$6,000.

#### Significant Issues

The Taxation and Revenue Department (TRD) writes that the veterans exemption of \$2,000.0 is specified in the state constitution (Article 8, Section 5). They say that for the bill to have an effect, the constitutional provision would have to be changed.

### FISCAL IMPLICATIONS

The bill would have no fiscal impact to the state or local governments according to TRD because tax rates generally increase to loss in tax base. This has the effect of shifting tax burden from individuals claiming exemptions to persons and businesses not provided the exemption.

According to TRD, 81 thousand veterans current take advantage of the exemption. Multiplying 81 thousand veteran property tax payers by the added \$4,0000 exempted gives \$324 million—the total amount of valuation that would be exempted. The statewide average residential property tax rate is \$25.0 per \$1,000 net taxable value). Multiplying the exempted base of \$324 million by the average rate of 25/1000 implies that \$8.1 million would be provided to veterans in additional property tax relief. This averages about \$100 per veteran.

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Note: These calculations assume that the number of veterans participating is static. Given the greater benefit that would be provided, more veterans may participate in the program.

### **ADMINISTRATIVE IMPLICATIONS**

TRD reports that there would be no administrative impact.

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