



CITY COUNCIL CONSIDERATION ITEM
CITY OF FAIR OAKS RANCH, TEXAS
February 2, 2023

AGENDA TOPIC: Discussion and possible action to pursue the opportunity to receive local government relief for disabled veteran exemptions from the state under Local Government Code Section 140.011.

DATE: February 2, 2023

DEPARTMENT: City Finance

PRESENTED BY: Councilwoman Laura Koerner

INTRODUCTION/BACKGROUND:

During the 84th Legislative Session, the Local Governments Disproportionately Affected by Property Tax Relief for Disabled Veterans program was created under HB 7 and became effective September 1, 2015. "To serve the state purpose of ensuring that the cost of providing ad valorem tax relief to disabled veterans is shared equitably among the residents of this state, a local government is entitled to a disabled veteran assistance payment from the state for each fiscal year that the local government is a qualified local government. A local government is a qualified local government for a fiscal year if the amount of lost ad valorem tax revenue calculated under Subsection (c) for that fiscal year is equal to or greater than two percent of the local government's general fund revenue for that fiscal year." (HB 7)

This program is managed by the Texas Comptroller's Office. Details on the program can be found at: <https://comptroller.texas.gov/taxes/property-tax/exemptions/local-gov-relief.php>

A city adjacent to a United States military installation or a county in which a United States military installation is wholly or partly located may be entitled to a disabled veteran assistance payment from the state under Local Government Code Section 140.011. In addition, a city or county must have lost property tax revenue from the 100 percent or totally disabled veteran residence homestead exemption under Tax Code Section 11.131 in an amount equal to or greater than 2 percent of the local government's general fund revenue for the fiscal year.

I believe our city may qualify for this assistance payment.

For reference, the following local governments received payment in 2022:

Entity	2022 Requested Amount	2022 Actual Payment
Bell County	\$7,649,236.00	\$3,625,249.27
City of Copperas Cove	\$1,370,618.54	\$ 649,585.64
City of Killeen	\$5,755,659.46	\$2,727,814.95
City of Schertz	\$1,894,703.99	\$ 897,968.67
Coryell County	\$1,264,688.29	\$ 599,381.47
	\$17,934,906.28	\$8,500,000 (FY 22 Appropriation)

The urgency of this agenda item is driven by the 2023 deadline for submission for this past fiscal year. The completed application and supporting documentation must be received by the Comptroller's Property Tax Assistance Division no earlier than Feb. 1 and not later than April 1 of the year following the end of a fiscal year for which the applicant is seeking payment.

The purpose of this agenda item is to ask Council's consideration to approve pursuing this assistance payment from the State Comptroller's Office, including having city staff assess the City's eligibility and presenting an update to Council, and, if applicable and approved by Council, submitting an application to Texas Comptrollers office by the FY2022 submission deadline.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

1. Application and reception of these state funds will help the City support and provide services to the growing number of 100% disabled veterans and their surviving spouses who reside in our city due to its proximity to nearby military installations and do so without a disproportionate negative impact to the City's budget.
2. Supports Strategic Action Plan 1.4 Develop a Sustainable Financing Strategies Aligned with Service Delivery Expectations.

LONG-TERM FINANCIAL & BUDGETARY IMPACT:

If eligible, this assistance payment from the state will provide additional revenue to offset some of the loss of ad valorem tax revenue from 100% disabled veteran tax exemptions.

LEGAL ANALYSIS:

N/A

RECOMMENDATION/PROPOSED MOTION:

I move to have the City pursue the opportunity to receive local government relief for disabled veteran exemptions from the state under Local Government Code Section 140.011.