

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 21, 2025

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2508 by Turner (Relating to an exemption from ad valorem taxation of the residence homestead of the surviving spouse of a veteran who died as a result of a qualifying condition or disease.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

Contingent on the passage of HJR 133, this bill would exempt from property tax the total appraised value of the residence homestead of the surviving spouse of a qualifying veteran who died as a result of a qualifying condition or disease recognized under the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act of 2022 (PACT Act).

The bill would provide definitions and limit the eligibility to surviving spouses who have not remarried. The exemption would apply regardless of the date of the qualifying veteran's death if the surviving spouse otherwise meets the qualifications.

A qualified surviving spouse would be entitled to receive the exemption on a subsequently qualified residence homestead in an amount equal to the dollar amount of the exemption of the first property the surviving spouse qualified if the surviving spouse has not remarried. The surviving spouse would be entitled to receive from the chief appraiser a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled on the subsequently qualified residence homestead.

The PACT Act expanded benefit claim eligibility to veterans of the armed forces (and their survivors) related to toxic exposure, burn pits and more. This bill would grant a total residence homestead exemption to surviving spouses of veterans who have died as a result of a qualifying condition or disease recognized under the PACT Act.

In the United States there were 27,996 completed PACT claims by surviving family members as of February 2025. Based on a PACT Act review through August 2024, 11.1 percent of claims granted were listed for Texas. Thus around 3,000 potential surviving spouses might be eligible for this new residence homestead exemption. It is unknown how many surviving spouses (based on the PACT Act) own a qualifying residence homestead and could apply for the new exemption. The exemption proposed by the bill would reduce taxable value and the associated property tax revenue for school districts. As a result, state costs would increase through the operation of the school finance formula. However, these costs are not expected to be significant.

Local Government Impact

Contingent upon passage of a constitutional amendment authorizing the exemption, passage of the bill would exempt from property tax the total appraised value of the residence homestead of the surviving spouse of a qualifying veteran who died as a result of a qualifying condition or disease recognized under the PACT Act. As a result, taxable property values for local governments could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduced taxable value. If cities, counties, and special districts did not adopt higher rates, local levies would be reduced. If those jurisdictions adopted higher tax rates, the initial revenue loss from the exemption

would be offset by increased tax levies from owners of non-exempt property and slightly reduced tax savings from owners of exempt property.

Source Agencies: 304 Comptroller of Public Accounts

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