

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1361 - SB 1367**

March 3, 2023

**SUMMARY OF BILL:** Increases the property value threshold for determining the extent of any property tax relief payments to disabled veterans and their surviving spouses from \$175,000 of the full market value of the property to \$210,000 of the full market value of the property.

**FISCAL IMPACT:**

**Increase State Expenditures –**

**Exceeds \$4,618,100/FY24-25 and Subsequent Years**

**Other Fiscal Impact – The extent of any permissive impact on local government expenditures cannot reasonably be determined.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-704, there shall be paid from the state’s General Fund to certain disabled veterans or their eligible surviving spouses the amount necessary to pay or reimburse such taxpayers for all or part of the local property taxes paid for a given tax year on a property that the disabled veteran owned and used as their residence.
- The proposed legislation applies to tax years beginning on or after January 1, 2024.
- Given that property tax notices will be sent to taxpayers in late 2024 and paid by February 2025, the first fiscal year impacted will be FY24-25.
- Based on information provided by the Comptroller of the Treasury:
  - The amount of actual property tax relief for disabled veteran and surviving spouse homeowners at the \$210,000 assessed property value limit would have been \$29,066,275 in 2022.
  - The calculated amount of actual property relief at the \$175,000 assessed property value limit was \$25,689,533 in 2022.
- Based on the recent growth rate in property tax relief payments to disabled veterans and their surviving spouses, the impact to this population has been projected forward to FY24-25 using an annual growth rate of 11 percent in order to determine the estimated increase in tax relief payments.
- Subsequent years would be expected to see similar growth percentages.

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- Projecting the estimated property tax relief from 2022 at each property valuation for this population forward to FY24-25 will result in \$35,133,802 of property tax relief at the \$175,000 limit and \$39,751,939 of property tax relief at the \$210,000 limit.
- The recurring increase in state expenditures for disabled veteran and surviving spouse homeowner's property tax relief from the General Fund is estimated to exceed \$4,618,137 (\$39,751,939 - \$35,133,802) beginning in FY24-25.
- Certain local governments have adopted various forms of local supplemental tax relief programs.
- An increase to the value limit for disabled veterans and surviving spouses could also result in an increase in local government expenditures for these programs; however, the timing and extent of any permissive increase in expenditures will vary based on the approach and criteria for such programs.
- Any permissive increase in local expenditures cannot reasonably be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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