



CITY OF KILLEEN  
CITY MANAGER'S OFFICE

June 2, 2025

Honorable Governor Greg Abbott  
Office of the Governor  
P.O. Box 12428  
Austin, Texas 78711-2428

Re: Enrollment of HB 2894

Dear Governor Abbott,

My name is Kent Cagle and I am the City Manager of the City of Killeen. I am writing with grave concerns about HB 2894 which increases the number of cities and counties that are eligible to receive partial reimbursement for the loss of tax revenue due to the state-granted 100% Disabled Veterans (DV) Exemption.

The disproportionate losses experienced by the City of Killeen are far greater than losses forecast in the Fiscal Note for the State of Texas, which of course states "No fiscal implication to the State is anticipated." We now lose almost \$16 million a year in revenue which equates to 15 cents on our tax rate or 20% of our property tax levy. Currently, every other new house built in Killeen is tax free. For the seventh year in a row the value of new property added to the rolls has been eclipsed by the value of property exempted due to the 100% Disabled. Imagine if every other newcomer to the State of Texas over the past ten years paid no sales tax or gasoline tax. Further troubling the issue is the fact that our active-duty military members are picking up the tab caused by this state-granted local mandate.

The reimbursement for the DV exemption was designed to mitigate the disproportionate impact absorbed by communities that provide direct support to military bases. HB 2894 strays far from that goal and seeks to reimburse cities and counties that provide little to no support to military bases and further, HB 2894 adds zero additional funding while adding a number of new eligible entities.

The funding for this reimbursement program has been stagnant since 2020 when it was the original four qualifying entities, one of which was the City of Killeen. Today there are 12 qualifying entities, I am told another two or three will qualify this calendar year due to the 2% qualifier, and HB 2894 is supposed to qualify another eight entities for a total of twenty-two.

The entire amount budgeted for the reimbursement program by the State of Texas for DV reimbursement would only pay Killeen for 59% of the revenue it loses. The passage of HB 2894 with all the other communities becoming eligible reduces the reimbursement to Killeen to just under 6%.



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In its annual report the last few years the Governor's Committee to Support the Military has made this reimbursement program its #1 issue ("Mitigate the Impact of Lost Property Tax Revenue Due to the Disabled Veterans Residence Homestead Exemption"). This is because the Committee understands that quality of life is a metric used in future stationing decisions and/or Base Realignment and Closure (BRAC) actions and quality of life is suffering in the City of Killeen, due to this tax exemption.

The military is the 3<sup>rd</sup> largest economic sector in the state behind only manufacturing and oil & gas and it should be vehemently guarded with the same level of concern and Texan self-interest. The impact of HB 2894 imperils the ability of the City of Killeen to support Fort Cavazos, the largest single site employer in the State of Texas.

Thank you for your consideration.

Sincerely,

Kent Cagle  
City Manager  
City of Killeen, Texas

cc:

Brady Franks, Budget Director, Office of the Governor  
Keith Graf, Executive Director, Texas Military Preparedness Commission  
Brad Buckley, State Representative HD54  
Pete Flores, State Senator SD24  
Hillary Hickland, State Representative HD55  
Judge David Blackburn, Bell County