

BILL ANALYSIS

C.S.H.B. 3433
By: Rodriguez
Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

When a person purchases a home in Texas they are not automatically given a residential homestead exemption for ad valorem taxes; the homeowner must be informed of the exemption and then must locate, obtain and apply separately for the exemption at a certain time in order to be eligible for the exemption. As a result many Texas homeowners do not obtain in a timely manner the exemption they are entitled to which often increases the cost of property taxes on the home. While applying for an exemption is free, some companies have emerged which charge homeowners exorbitant fees for applying for the homestead exemption, while others charge the homeowner a flat fee and a significant percentage of the tax savings for future years. C.S.H.B. 3433 addresses both problems by setting a maximum charge on assisting a person with applying for a homestead exemption at \$25.

C.S.H.B. 3433 also makes it easier for homeowners to apply for the exemption by requiring the person that prepares the closing documents for compensation, to also provide a copy of the homestead exemption form to the homeowner. On request by the homeowner, the person is to file the application with the appropriate authority. The bill allows the homeowner to waive their rights completely regarding all the requirements of this section of the bill.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 11, Tax Code, by adding Section 11.48 and 11.49 which requires a person that prepares closing documentation for compensation for a single-family residential structure to provide an application for homestead exemption for ad valorem taxes to the purchaser of a home, and to file it on request of the purchaser by a specific time. The purchaser may waive the right to receive this assistance. A person that assists another person by preparing or filing an application for an exemption may not charge a fee greater than \$25.

SECTION 2. This Act takes effect September 1, 2003

EFFECTIVE DATE

This Act takes effect September 1, 2003; however, it applies only to property sales, transfers or encumbrance that occur on or after the effective date.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B 3433 amends language of Section 11.48 to require persons that commercially prepare closing documents to provide the application exemption form and instructions to the buyer as prepared by the appraisal district which include instructions on how to file the application, the location of appraisal districts where the property is located, and the time period in which the appraisal district may receive the application for any applicable exemptions.

Furthermore, C.S.H.B 3433 adds new language to Section 11.49 relating to the charge of a fee for assisting a person with preparing or filing an application for exemptions; and where a fee is charged, the person must file the application for the exemptions with the appraisal district.