

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 22, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB216 by Hamric (Relating to the qualification of a disabled person for an exemption from ad valorem taxation on the person's residence homestead.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB216, As Engrossed: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	(\$685,000)
2007	(\$719,000)
2008	(\$755,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193	Probable Revenue Gain/(Loss) from School Districts
2004	\$0	\$0
2005	\$0	(\$1,170,000)
2006	(\$685,000)	(\$1,227,000)
2007	(\$719,000)	(\$1,289,000)
2008	(\$755,000)	(\$1,353,000)

Fiscal Analysis

The bill would amend Sections 11.42, 11.43, 26.10, and 26.112 of the Tax Code to make the homestead exemption for qualified disabled homeowners effective as of January 1 of the tax year in which the person qualified. The exemption would apply for the entire tax year.

A property tax exemption that under current law would be effective for the tax year following a disabled homeowner's qualification for the exemption would, under the bill, be effective for the year in which the person met all qualifications and filed an exemption application with the appraisal district.

Methodology

School district reported information indicates that, between 1997 and 2002, an average of approximately 4,200 additional \$10,000 disabled homestead exemptions and approximately 2,700 local option disabled homestead exemptions are granted each year (averaging approximately \$11,000 each). Calculated losses were trended at five percent through the projection period to account for value and rate increases. School district losses for the mandatory \$10,000 exemption would shift to the state after a one-year lag through the operation of the school funding formulas.

The fiscal impact assumes that the loss attributable to the optional disabled exemption would be absorbed by school districts.

Local Government Impact

No fiscal implication to units of local government, other than school districts, is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, BR, DLBe