

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 28, 2003

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB217 by Hamric (Relating to limiting the amount of school district ad valorem taxes that may be imposed on the residence homestead of a disabled person.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB217, As Passed 2nd House: 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 provide a school district property tax ceiling for qualified homeowners who are disabled. The tax ceiling currently applies only to persons who are 65 years of age or older. The corresponding constitutional amendment for this provision of the bill, House Joint Resolution 21, is self-enabling. Therefore, this provision would have no fiscal impact. Estimated revenue losses for the proposed tax ceiling are reflected on the fiscal note for the constitutional amendment.

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