

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 9, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HJR16 by Brown, Fred (Proposing a constitutional amendment to authorize a county, a city or town, or a junior college district to establish an ad valorem tax freeze on residence homesteads of the disabled and of the elderly and their spouses.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR16, As Engrossed: a negative impact of (\$85,275) 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 | (\$85,275) |
| 2005 | \$0 |
| 2006 | \$0 |
| 2007 | \$0 |
| 2008 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GENERAL REVENUE FUND 1 | Probable Revenue (Loss) from Cities | Probable Revenue (Loss) from Counties |
|-------------|--|---|---|
| 2004 | (\$85,275) | \$0 | \$0 |
| 2005 | \$0 | (\$10,835,000) | (\$6,209,000) |
| 2006 | \$0 | (\$11,486,000) | (\$6,582,000) |
| 2007 | \$0 | (\$12,175,000) | (\$6,977,000) |
| 2008 | \$0 | (\$12,905,000) | (\$7,396,000) |

Fiscal Analysis

The resolution would propose an amendment to authorize counties, cities, and towns, and junior college districts to adopt a property tax limitation for persons qualified for the 65-and-over residence homestead exemption and for disabled individuals. The limitation could be adopted by a commissioner's court or a city council or through an election triggered by petition of at least 5 percent of the registered voters in a county or city. Once adopted, a city or county could not repeal or rescind the limitation.

The proposed amendment would be submitted to voters at an election to be held November 4, 2003.

Methodology

It is assumed that all cities, counties and junior college districts would adopt the proposed limitation in the 2004 tax year following adoption of the proposed amendment.

The cost to the state for publication of the resolution is \$85,275.

Local Government Impact

The fiscal impact to counties and cities are shown in the above tables. In addition to these amounts, property tax revenues for junior college districts would be reduced.

Source Agencies: 304 Comptroller of Public Accounts

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