

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 22, 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.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR16, Committee Report 2nd House, Substituted: a negative impact of (\$475,584) 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	(\$475,584)
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	(\$475,584)	\$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 September 13, 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.

According to the Secretary of State, presenting one constitutional amendment on a ballot results in higher costs because economies of scales are lost. The estimated cost of \$475,584 would include \$314,062 for postage, \$50,872 for printing, \$110,500 for newspaper advertising, and \$150 for translation costs. According to the Secretary of State, these costs are similar to those experienced in November 2002 when one constitutional amendment was presented to voters.

**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