

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 29, 2003

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1659 by Madla (Relating to certain ad valorem tax exemptions, payments, and refunds.),
As Passed 2nd House

No significant fiscal implication to the State is anticipated.

The bill would amend various sections in the Tax Code concerning homestead exemption application filings, property tax payments, and property tax refunds.

The bill would require the chief appraiser to accept and approve, or deny, a late residence homestead exemption application if it was filed no later than one year after the delinquency date for property taxes on the homestead. Current law requires all late applications to be filed no later than one year after the taxes were paid or become delinquent, whichever is earlier.

The bill would permit a property owner in writing to direct the delivery of tax refunds to his or her designated agent. The bill would also require the payment of a property tax refund, without further documentation to the person who owned the subject property on January 1 of the applicable tax year.

The bill would prohibit a taxing unit from requiring a property owner or his or her agent to provide a tax receipt as evidence that a tax had been paid or to receive a tax refund for overpayment or erroneous payment of property taxes.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could reduce school district taxable values reported to the Commissioner of Education by the Comptroller and increase costs to the Foundation School Fund.

The provision to extend the period for allowing late homestead exemptions would result in a revenue loss because of property tax refunds and reductions in taxable value to taxing units, including school districts. The provisions concerning a property owner's right to assign delivery of tax refunds to his or her agent would have no impact on the state or units of local government.

The bill would amend Tax Code Sections 11.13 and 26.112 to disallow a person 65 years of age or older who subsequently establishes a different residence homestead during the same tax year to qualify for a 65-or-older homestead exemption on the subsequent residence homestead before January 1 of the following tax year.

The bill would also repeal Section 2610(b) to eliminate the proration section and require a person 65 or over who owns more than one residence homestead during a tax year to designate only one residence for the 65-or-over homestead exemption.

Passage of this bill could result in some revenue loss to units of local government and the state attributable to 65-or-over homestead exemptions in Texas. However, it is not anticipated that the amounts would represent a significant fiscal impact on the state or local taxing units.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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