

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

May 4, 2006

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB72 by Berman (Relating to providing for an adjustment of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the residence homesteads of the elderly or disabled to reflect any change in the school district's tax rate and protecting a school district against the resulting loss in local revenue.), **Committee Report 1st House, Substituted**

The impact of passage of this bill on the state would depend on the future actions of the Legislature and school districts in adopting tax rates. Therefore, the fiscal impact on the state government cannot be estimated.

The bill would amend Section 11.26 of the Tax Code to adjust the school property tax limitation on the residence homesteads of 65-and-over and disabled homestead owners under certain circumstances.

If school district property tax rates change from the preceding year, homestead owners subject to the limitation would have their limitation increased or reduced, as applicable, for the current and subsequent years in proportion to the change in the tax rate. The total amount of taxes that may be imposed on the homestead may not exceed the amount of taxes imposed for the later of the 2006 tax year or the tax year in which the person first qualified for the limitation.

The bill would amend Sections 42.2511 of the Education Code and Section 403.302 of the Government Code to hold school districts harmless from state school funding losses caused by losses attributable to passage of this bill.

The bill would take effect January 1, 2007, subject to adoption by voters at the November 6, 2006 general election of the constitutional amendment to reduce the total amount of ad valorem taxes that may be imposed for public school purposes on the residence homestead of an elderly or disabled person in proportion to any reduction in the rate of the tax imposed for those purposes.

Local Government Impact

The impact of passage of this bill on units of local government would depend on the future actions of the Legislature and school districts in adopting tax rates. Therefore, the fiscal impact on units of local government cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, SD, SJS