

BILL ANALYSIS

H.B. 2167
By: Rodriguez
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under Texas Constitution, Art. 8, Sec. 1-a, an adult or family is entitled to an exemption from taxation of \$3,000 of the assessed value of a single residence homestead. Chapter 11 of the Tax Code relates to taxable property and exemptions, and sec. 11.13, enacted by the 66th Legislature in 1979, governs residence homestead exemptions. Under current law, an application must be filed with the county appraisal district after the first anniversary of property purchase between January 1 and April 30 to receive an exemption. Once an exemption is granted, subsequent applications are not needed, unless otherwise disqualified for an exemption.

When a person applies for ad valorem tax exemptions in Texas they are not automatically given an exemption form for ad valorem taxes; the individual must be informed of the exemptions and then must locate, obtain and apply separately for the exemptions at a certain time in order to be eligible for the exemptions. As a result, many Texans do not timely obtain the exemptions they deserve which often increases their taxes. While applying for an exemption is free, some unscrupulous companies have emerged which charge individuals exorbitant fees for applying for tax exemption and some charge the individual a flat fee and a significant percentage of the tax savings for future years. Other companies prey on homeowners in assisting them to “designate” their property as a homestead property. Merely designating a homestead by filing a document with the state does not grant the owner a homestead tax exemption, and in fact, is not required to receive the protections accorded under the law applicable to homesteads. In fact, the law states that if a property has a homestead tax exemption it has also been designated as a homestead under Texas law.

HB 2167 would place certain restrictions on a person or company helping another person file a homestead exemption application.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The bill would amend Tax Code, Chapter 11, to place certain restrictions on a person or company helping another person file a homestead exemption application. Only a person who had not obtained a homestead exemption within one year of the purchase could receive assistance. A person providing application assistance would be responsible for filing the application between January 1 and April 30 and could not charge either a percentage of the exemption or a fee in excess of \$55.00 for the assistance. The fee would have to be paid by the recipient of the service.

The bill would amend Property Code, Chapter 41, to require inclusion of a disclaimer on any material advertising for paid assistance with homestead exemption application filing. The disclaimer would specify that the advertisement of such services was not an official document of a taxing unit, county, or the state, and that people already receiving exemptions did not need to file again.

No fees could be charged for assistance with an application filing when:

- an exemption already had been granted;
- the application was filed before the first anniversary of the property

purchase date; or

- no disclaimer on written advertisements was provided.

A person charging unauthorized fees would be liable for damages, a \$1,000 civil penalty fine, and reasonable court costs and attorney fees.

The bill would take effect September 1, 2007.

EFFECTIVE DATE

The bill would take effect September 1, 2007.