

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: SB299 by Van de Putte (Relating to the continuation of a residence homestead exemption from ad valorem taxation while the owner is temporarily absent because of military service.),
As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend Section 11.13 of the Tax Code, relating to the criteria for determining whether, for property tax purposes, a person has stopped occupying a residential structure as a principal residence while temporarily absent because of military service.

Under the bill, a homestead would not lose its qualified homestead status when a person temporarily stopped occupying the structure and did not establish a different principal residence if the absence was caused by the owner's military service inside or outside the United States.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, 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 the bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

Current law provides a presumption of continued qualification as a primary residence if the owner has not established another principal residence and the absence is caused by the owner's military service outside the United States.

Passage of the bill could result in a greater number of situations where owners who are in military service inside the United States would retain qualified homestead status that would, otherwise, be lost under current law. However, the Comptroller's Property Tax Division does not receive or maintain information from appraisal districts that would be helpful in estimating the impact of the bill on the state and units of local government.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, ES, SD, SJS