

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 10, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB826** by West, Royce (Relating to providing notice of residence homestead exemptions from ad valorem taxation to owners of certain residential real property.), **As Introduced**

Passage of the bill could result in additional homeowners utilizing a homestead exemption. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased.

The bill would add a new subsection to Section 25.19 of the Tax Code to require the chief appraiser to send a written notice of the availability of homestead exemptions to certain real property owners.

By January 1, the chief appraiser would have to send a notice to each person in the district who owned real property, did not currently qualify for a residence homestead exemption, and the property was listed as the person's address in the appraisal district records.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state. However, to the extent that an undetermined number of homeowners would seek a homestead exemption following receipt of the notice that would be required by the bill, the state could see an undetermined negative fiscal impact due to the operation of the state's school finance system.

School district information indicates that there are approximately 4.7 million single family residences in Texas that qualify for the residence homestead exemption. School districts also reported approximately 6.3 million total single family residences in Texas. Of the approximately 1.6 million single family residences not currently homestead exemption-qualified, some undetermined number are owner-occupied. Certain real property parcels from other property categories (multifamily, farm and ranch improvements, etc) are also owner-occupied.

The bill would take effect January 1, 2008.

**Local Government Impact**

There would be a cost to units of local government for preparation and delivery of the proposed notice.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, DB, CT, SD, SJS