

BILL ANALYSIS

C.S.H.B. 637
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law authorizes a taxing unit to exempt from taxation a percentage of the market value of a residence homestead, providing taxpayers owning homes with higher values a higher exemption.

C.S.H.B. 637 provides taxing units the option of adopting a set exemption amount as an alternative to a percentage homestead tax exemption, providing all taxpayers an equal exemption.

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

C.S.H.B. 637 amends the Tax Code to authorize a governing body of a taxing unit to adopt a local option residence homestead exemption from property taxes of either a portion of the appraised value of an individual's residence homestead or a percentage of the appraised value, rather than authorizing only the adoption of a percentage-based exemption. The bill specifies that either exemption must be adopted by the governing body before July 1 of the tax year in which the exemption applies. The bill limits the amount of an exemption that is a portion of the appraised value of a residence homestead to not less than \$5,000 or more than \$30,000.

C.S.H.B. 637 amends the Education Code to clarify the conditions under which the commissioner of education is required to adjust the amount of a school district's local revenue derived from maintenance and operations tax collections, as calculated for purposes of determining the amount of state revenue to which the district is entitled. The bill specifies that the commissioner is required to adjust the revenue only if the district adopts a percentage exemption under provisions of the bill authorizing the adoption of either an exception that is portion of the appraised value of an individual's residence homestead or a percentage of the appraised value of an individual's residence homestead.

C.S.H.B. 637 amends the Government Code to clarify the meaning of the term "taxable value" for purposes of the comptroller of public accounts' annual study to determine school district property values. The bill specifies that the amount of a homestead exemption that is subtracted from the market value of all taxable property in the district, along with other subtracted amounts, to determine the taxable value of the district's property is determined using an amount derived from only residence homestead percentage exemptions granted in the year that is the subject of the study.

EFFECTIVE DATE

January 1, 2010, if the constitutional amendment authorizing the governing body of a political subdivision to adopt a local option residence homestead exemption from property taxation of not less than \$5,000 or more than \$30,000 is approved by the voters.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 637 differs from the original by specifying that the commissioner of education's requirement to adjust the amount of a school district's local revenue derived from maintenance and operations tax collections applies only if the district adopts a percentage exemption. The substitute removes a conforming provision in the original relating to the requirement that the commissioner adjust the amount of a district's local revenue, based on adoption by the district of an exemption in a particular dollar amount. The substitute includes a provision clarifying the definition of "taxable value" that is not in the original.