

## **BILL ANALYSIS**

C.S.H.J.R. 91  
By: Sheffield  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, persons who construct or rehabilitate a home as a replacement residence under the housing rehabilitation program of the Texas Department of Housing and Community Affairs (TDHCA) lose their current residence homestead tax limitation.

C.S.H.J.R. 91 proposes a constitutional amendment, the enabling legislation for which is H.B. 2878, to establish an initial limit on the appraisal value of an elderly or disabled person's residence homestead that was rehabilitated or constructed as a replacement residence under the federal community development block grant program or a housing rehabilitation program of TDHCA.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.J.R. 91 proposes an amendment applicable only to the residence homestead of a disabled person or a person who is 65 years of age or older that the person previously qualified for a residence homestead exemption and that was rehabilitated or constructed as a replacement residence under the federal community development block grant program or under a housing rehabilitation program of the Texas Department of Housing and Community Affairs (TDHCA) or a successor program. The resolution authorizes the legislature by general law to provide that, for the first tax year following the year in which the residence homestead was rehabilitated or constructed, the appraised value of the property for property tax purposes is equal to the lesser of the most recent market value of the property as determined by the appraisal entity or 110 percent, or a greater percentage, of the appraised value of the property for the preceding tax year. The resolution requires the legislature to provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of these provisions. The resolution requires a general law enacted under these provisions to require that, for the first tax year that follows the year in which the owner of the property when the structure was rehabilitated or constructed, or the owner's spouse or surviving spouse, ceases to qualify the property for a residence homestead exemption, the property be appraised for property tax purposes in accordance with the constitution.

C.S.H.J.R. 91 proposes a temporary provision, expiring January 1, 2011, applicable to the constitutional amendment proposed by the 81st Legislature, Regular Session, 2009, authorizing the legislature to establish for purposes of property taxation an initial limit on the appraised value of the residence homestead of a disabled or elderly person that was rehabilitated or constructed as a replacement residence under the federal community development block grant program or a housing rehabilitation program of TDHCA. The resolution provides that the constitutional change takes effect January 1, 2010, and applies only to a tax year that begins on or after that date. The resolution sets forth the required language for the ballot.

## **ELECTION DATE**

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2009.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.J.R. 91 differs from the original by making its provisions applicable to the residence homestead of a disabled person or a person who is 65 years of age or older that the person previously qualified for a homestead exemption and that was rehabilitated or constructed as a replacement residence under the federal community development block grant program or a Texas Department of Housing and Community Affairs (TDHCA) housing rehabilitation program or a successor program, whereas the original's provisions apply to the residence homestead of such a person that consists of a structure built on land that the person previously qualified as part of the person's residence homestead and that was constructed under the federal community development block grant program using nonentitlement grants or a TDHCA housing rehabilitation program or successor program.

C.S.H.J.R. 91 differs from the original by authorizing the legislature by general law to limit the appraised value of the residence homestead described under its provisions for the first tax year following the year in which the homestead was rehabilitated or constructed, whereas the original authorizes the legislature by general law to prohibit property taxes imposed by a political subdivision on a residence homestead described under its provisions from being increased above the amount of taxes imposed by the political subdivision on the person's former residence homestead in the most recent tax year in which the political subdivision imposed taxes on the former residence homestead.

C.S.H.J.R. 91 removes a provision in the original applying provisions of the constitution that are applicable to the school tax freeze on a residence homestead of an elderly or disabled person to the original's limitation on the taxes imposed by a political subdivision. The substitute adds a provision not in the original requiring a general law enacted under the resolution's provisions to require that, for the first tax year that follows the year in which the owner of the property when the structure was rehabilitated or constructed, or the owner's spouse or surviving spouse, ceases to qualify the property for a residence homestead exemption, the property be appraised for property tax purposes in accordance with the constitution.

C.S.H.J.R. 91 differs from the original by proposing a temporary provision authorizing the legislature to establish for purposes of property taxation an initial limit on the appraised value of the residence homestead of a disabled or elderly person that was rehabilitated or constructed as a replacement residence under the federal community development block grant program or a housing rehabilitation program of TDHCA, rather than a limit on the amount of property taxes that may be imposed on a qualified residence homestead of such a person as in the original. The substitute differs from the original by amending the ballot language and the caption of the resolution to conform with the changes in its provisions.