

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 24, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

**IN RE: HB959** by Bonnen (Relating to an exemption from ad valorem taxation of a portion of the appraised value of the residence homesteads of certain volunteer firefighters and emergency medical services volunteers.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB959, As Introduced: a negative impact of (\$2,463,000) through the biennium ending August 31, 2011, contingent upon passage of a constitutional amendment authorizing the exemption.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	(\$2,463,000)
2012	(\$2,742,000)
2013	(\$2,767,000)
2014	(\$2,792,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/ (Cost) from <i>Foundation School Fund 193</i>	Probable Revenue Gain/(Loss) from <i>School Districts - Net Impact</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>
2010	\$0	\$0	\$0	\$0
2011	(\$2,463,000)	(\$820,000)	(\$963,000)	(\$1,100,000)
2012	(\$2,742,000)	(\$591,000)	(\$971,000)	(\$1,106,000)
2013	(\$2,767,000)	(\$617,000)	(\$978,000)	(\$1,111,000)
2014	(\$2,792,000)	(\$645,000)	(\$986,000)	(\$1,117,000)

**Fiscal Analysis**

The bill would amend Chapter 11 of the Tax Code to create a \$5,000 ad valorem tax exemption for the residence homestead of a volunteer firefighter or emergency medical volunteer provided the person had served in that capacity for the preceding 365 days. The bill amends Chapter 403 of the Government Code to make conforming changes to provisions governing the conduct of the Comptroller's Property Value Study.

The bill would be contingent upon the passage of a proposed amendment which would be submitted to voters at an election to be held November 3, 2009. If the amendment were approved, the bill would be effective January 1, 2010.

### **Methodology**

The number of firefighters and emergency medical services volunteers in Texas was estimated based on information from the National Volunteer Fire Council and other sources. The estimated number of volunteers that own homesteads was multiplied by the amount of the proposed exemption to estimate the value loss to the proposed exemption. The appropriate trended city and county tax rates were applied to the estimated value loss to estimate the revenue losses.

Because of the operation of the hold harmless provisions of HB 1, 79th Legislature, Third Called Session (2006), the portion of the cost related to school district compressed rates is transferred to the state. A portion of the school district debt and enrichment costs are also transferred to the state after a one-year lag because of the operation of the funding formulas. All costs were estimated over the five year projection period.

The bill is estimated to have an impact on the state aid districts receive based on the enrichment tier as tied to the yield of the Austin Independent School District (ISD). To the extent that the bill has the effect of lessening Austin ISD's revenue per weighted student per penny of tax effort, as determined by the Commissioner of Education, the growth of the equalized yield on those enrichment pennies would slow, resulting in slower growth in state aid.

### **Local Government Impact**

The fiscal implication to units of local government is reflected in the above table and is contingent upon passage of a constitutional amendment authorizing the exemption.

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

**LBB Staff:** JOB, MN, SD, SJS