

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

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

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

IN RE: HJR40 by Guillen (Proposing a constitutional amendment authorizing the governing body of a political subdivision to adopt a local option residence homestead exemption from ad valorem taxation of not less than \$5,000 or more than \$30,000.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$90,882.

The resolution would propose a constitutional amendment to Article VIII of the Texas Constitution to authorize taxing units to adopt a local option residence homestead exemption from ad valorem taxation of at least \$5,000 and not more than \$30,000. This would be an alternative exemption to the current percentage local option exemption, which may not exceed 20 percent. The bill would prohibit the Legislature from protecting school districts from revenue losses incurred as a result of adopting the new alternative homestead exemption.

Adoption of the proposed constitutional amendment alone would not result in revenue losses to local units of government. To the extent that taxing units would adopt the new exemption proposed by the bill and the cost of the new exemption exceeds any existing percentage homestead exemption, the taxing units would incur revenue losses. Any fiscal impact would depend on the actions of the governing bodies of local taxing units. The actions of local taxing units in deciding whether to grant the local optional \$30,000 homestead exemption cannot be predicted. The state would be protected from any revenue losses under the bill.

The proposed amendment would be submitted to voters at an election to be held November 3, 2009.

Local Government Impact

Adoption of the proposed constitutional amendment alone would not result in revenue losses to local units of government. Any fiscal impact would depend on the actions of the governing bodies of local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SJS, MN, SD