

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB252 by Hilderbran (Relating to eligibility for an exemption from ad valorem taxation of the residence homestead of a person.), **As Passed 2nd House**

The bill's provision that a homestead exemption applicant claim no other residence homestead exemption in this state or any other state, and that an applicant present a driver's license or other identification with an address that matches the address of the home in question, could prevent applicants from receiving homestead exemptions to which they are not entitled. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.

In addition, depending upon the number of persons that would apply for a duplicate license or personal identification card when submitting an application for a homestead exemption, there could be an indeterminate revenue gain to the state.

The bill would amend the Tax Code, regarding property taxation and exemptions.

The bill would amend Chapter 11 to require that an application for a residence homestead exemption as prescribed by the Comptroller, in addition to meeting other requirements in current law, would have to state that the applicant had not claimed another residence homestead exemption in this state or a residence homestead outside of this state. In addition, the applicant would have to submit a copy of the applicant's driver's license or state-issued personal identification certificate; a copy of the applicant's vehicle registration receipt, or if the applicant did not own a vehicle, an affidavit to that effect, and a copy of a utility bill subject to the claimed exemption in the applicant's name; state that the applicant had read and understood the notice of the penalties under the law; and, be signed by the applicant.

A chief appraiser would be prohibited from allowing a homestead exemption unless the address on the driver's license or personal identification certificate corresponded to the address on the applicant's vehicle registration receipt or utility bill, and the address corresponded to the address of the property for which the exemption was claimed.

The application form for a residence homestead exemption would have to require an applicant who was not specifically identified on a deed or other appropriate instrument recorded in the real property records as an owner of the residence homestead to provide an affidavit or other compelling evidence establishing the applicant's ownership of an interest in the homestead.

The bill would amend Section 11.432 to add a sworn affidavit to the types of acceptable documentation required to verify ownership of a manufactured home for the purpose of obtaining a homestead exemption. The sworn affidavit would be required to state that the applicant is the owner of the manufactured home, the seller of the manufactured home did not provide the applicant with a purchase contract, and the applicant could not locate the seller after making a good faith effort.

The bill would clarify that an appraisal district may rely on the computer records of the Texas Department of Housing and Community Affairs (TDHCA) to verify an applicant's ownership of a manufactured home and that if the appraisal district makes this verification an applicant for a

homestead exemption on a manufactured home is not required to submit the ownership documentation that would otherwise be required. The bill would require that for the land on which a manufactured home is located to qualify as part of the residence homestead the land must be owned by one or more individuals including the applicant, the applicant must occupy the manufactured home as his or her principal residence, and the applicant must own the mobile home as demonstrated by TDHCA computer records or owner documentation.

The bill would amend Section 25.08 to require the chief appraiser to apportion on the tax roll a manufactured home homestead exemption on a pro rata basis between land and buildings based on the appraised value of the land and the manufactured home.

The bill's provision that a homestead exemption applicant claim no other residence homestead exemption in this state or any other state, and that an applicant present a driver's license or other identification with an address that matches the address of the home in question, could prevent applicants from receiving homestead exemptions to which they are not entitled. This could create a gain to taxing units and the state. Section 11.43(f) of the Tax Code, however, currently allows an applicant to present his or her social security number in lieu of a driver's license or other ID. This section would not be repealed or amended by the bill which could cause confusion and hamper the implementation of the changes proposed in the bill. Further, the number and value of homesteads that would be prevented from receiving an erroneous homestead exemption by the bill is unknown. Consequently the potential gain cannot be estimated.

Texas driver licenses must be renewed every six years, except that a person with a change in personal information, like a change of address, must apply for a duplicate license and pay a \$10 duplicate fee. The fee for a duplicate personal identification card is also \$10. Because the number of persons that would apply for a duplicate license or personal identification card in order to comply with the bill's requirements when submitting an application for homestead exemption cannot be determined, the fiscal impact of this portion of the bill cannot be estimated.

Motor vehicles in Texas must be registered annually in the owner's county of residence. There is no requirement to re-register a motor vehicle when the owner's address changes, but this would be addressed in a subsequent registration. The Texas Department of Motor Vehicles does provide an on-line form to register a Change of Address for Texas Vehicle Registration. If an owner were to re-register a motor vehicle during a period when the registration was valid, the registration fee would cover the additional time required in order to extend the registration to one year. There would be no additional fees required. If a person re-registered a motor vehicle to satisfy the address requirements of the bill there would be no fiscal impact.

The sworn affidavit allowed by the bill in lieu of other kinds of manufactured home ownership documentation would make it easier for a manufactured home owner to obtain a homestead exemption in situations in which the other kinds of documentation are unavailable. The number of additional homestead exemptions, if any, that would be generated by this provision of the bill is unknown. Consequently the fiscal impact cannot be estimated.

The bill would take effect on September 1, 2011.

Local Government Impact

The bill's provision that a homestead exemption applicant claim no other residence homestead exemption in this state or any other state, and that an applicant present a driver's license or other identification with an address that matches the address of the home in question, could prevent applicants from receiving homestead exemptions to which they are not entitled. This could create a gain to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

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