

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 15, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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.), **Committee Report 1st House, Substituted**

Passage of the bill would require that a homestead exemption applicant present a driver's license or other identification with an address that matches the address of the home in question which 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 Chapter 11 of the Tax Code, regarding property taxation and exemptions.

The bill would require an applicant for a homestead exemption, in addition to meeting other requirements in current law, to submit a copy of the applicant's driver's license or state-issued personal identification certificate, and a copy of the applicant's vehicle registration receipt or, if the applicant does not own a vehicle, an affidavit to that effect and a copy of a utility bill for the property subject to the claimed exemption in the applicant's name. The application would have to be signed by the applicant and state that the applicant does not claim another residence homestead in or outside this state and that the applicant has read and understands the penalty notice.

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

The bill's provision that a homestead exemption 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. 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 gain from 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 the change would be reflected 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 bill would take effect on September 1, 2011.

Local Government Impact

The bill's provision that a homestead exemption 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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