

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 2, 2011

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

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

IN RE: HB1880 by Madden (Relating to a limitation on the appraised value for ad valorem tax purposes of certain residence homesteads of certain veterans.), **As Introduced**

In some instances the homestead appraised value limitations provided to veterans by the bill would result in lower appraised values than under current law. In these instances, there would be a cost to the state through the operation of the school funding formula.

The bill would amend the Tax Code to limit the appraised value of a veteran's homestead that was donated to or renovated for the veteran at no charge. The appraisal district would be permitted to increase the appraised value of the homestead in a given tax year to no more than the lesser of the homestead's market value for the most recent year that the market value was determined; or, for a donated homestead, the appraised value of the land plus \$150,000; or, for a renovated homestead, the appraised value of the property for the year preceding the renovation plus the market value of certain new improvements.

The limitation provided by the bill would take effect on January 1 of the tax year following the first tax year the owner qualifies the property for the limitation and would expire the first tax year the property ceases to qualify for the limitation. A veteran would be required to file a one-time application for the limitation, but a chief appraiser may require a new application to confirm the veteran's current qualification status.

The bill would amend Section 403.302(d) of the Government Code to require the Comptroller to deduct the difference between the market value and the limited value of the veteran's homestead in the property value study and would make other conforming changes in this code.

In some instances the homestead appraised value limitations provided to veterans by the bill would result in lower appraised values than under current law. In these instances, there would be a cost to taxing units and to the state through the operation of the school funding formula. The number and value of homes that would be given to a veteran or renovated for a veteran at no charge are unknown. Consequently, the fiscal impact cannot be estimated.

The bill would take effect on January 1, 2012, contingent on the passage of a constitutional amendment.

Local Government Impact

In some instances the homestead appraised value limitations provided to veterans by the bill would result in lower appraised values than under current law. In these instances, there would be a cost to taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS