

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 16, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB3488 by Menendez (Relating to the requirements for demonstrating eligibility for an ad valorem tax exemption for the residence homestead of an elderly or disabled person.), **As Engrossed**

The bill would make changes in application procedures that should decrease the number of erroneous over-65 or disabled homestead exemptions by removing exemptions from persons who are not the legal homestead owner. This could increase taxable values and tax revenues creating a gain to the state through the operation of the school funding formula.

The bill would amend Chapter 11 of the Tax Code, regarding property taxation, to specify that the application form for a mandatory or optional homestead property tax exemption for persons who are 65 years of age or older or disabled (over-65 or disabled homestead exemption) must require an affidavit or other compelling evidence if the applicant is not specified on a recorded deed or other instrument as an owner of the residence homestead. The affidavit or other evidence would be required to establish the applicant's ownership of an interest in the homestead.

Not later than the 180th day after the effective date of the bill, each chief appraiser would be required to send a notice by mail to each person who, for tax year 2011, received an over-65 or disabled homestead exemption, and who is not identified on a deed or other instrument. The notice would inform the recipient of the change in law proposed by this bill.

To receive the exemption for the 2012 tax year, the bill would require reapplication by persons who received an over-65 or disabled homestead exemption, and who are not identified on a deed or other instrument.

The bill would make changes in application procedures that should decrease the number of erroneous over-65 or disabled homestead exemptions by removing exemptions from persons who are not the legal homestead owner. This could increase taxable values and tax revenues creating a gain to units of local government and to the state through the operation of the school funding formula. The number and value of over-65 and disabled homestead exemptions that are granted to persons who are not the legal homestead owner is unknown, so the gain cannot be estimated.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

The bill would make changes in application procedures that should decrease the number of erroneous over-65 or disabled homestead exemptions by removing exemptions from persons who are not the legal homestead owner. This could increase taxable values and tax revenues creating a gain to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS