

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 14, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HJR72** by King, Phil (Proposing a constitutional amendment to allow the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead if the spouse is 55 years of age or older at the time of the person's death.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR72, As Introduced: a negative impact of (\$182,921) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$108,921)
2015	(\$74,000)
2016	(\$237,000)
2017	(\$406,000)
2018	(\$585,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193	Probable Revenue Gain/(Loss) from School Districts	Probable Revenue Gain/(Loss) from Counties
2014	(\$108,921)	\$0	\$0	\$0
2015	\$0	(\$74,000)	(\$115,000)	(\$58,000)
2016	\$0	(\$237,000)	(\$149,000)	(\$117,000)
2017	\$0	(\$406,000)	(\$186,000)	(\$179,000)
2018	\$0	(\$585,000)	(\$226,000)	(\$245,000)

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from Cities</b>	<b>Probable Revenue Gain/(Loss) from Other Special Districts</b>
2014	\$0	\$0
2015	(\$64,000)	(\$42,000)
2016	(\$130,000)	(\$86,000)
2017	(\$199,000)	(\$131,000)
2018	(\$272,000)	(\$178,000)

## **Fiscal Analysis**

This resolution would propose a constitutional amendment to Article VIII, Section 1-b(d) of the Texas Constitution, to transfer a school district property tax limitation (tax ceiling) to the surviving spouses of deceased disabled persons who were qualified at time of death for the \$10 thousand exemption for persons who are at least 65 years of age or disabled. A surviving spouse would be required to be 55 years of age or older and meet certain other requirements. Current law grants the tax ceiling transfer only to surviving spouses of persons over 65 years of age who had been qualified for the exemption.

The proposed amendment would be submitted to voters at an election to be held November 5, 2013 and would take effect on January 1, 2014 if approved.

## **Methodology**

This resolution is self enabling. The resolution's provision that would transfer the tax ceiling of a disabled homestead owner to a surviving spouse would create a fiscal impact to local taxing units and to the state through the operation of the school funding formula. The number of surviving spouses between the ages of 55 and 65, and the value loss attributable to the transferred tax ceilings proposed by the bill were estimated based on mortality tables from the U.S. Department of Labor, U.S. Census Bureau population data, and information from appraisal districts. Surviving spouses who are at least 65 years of age would get the tax ceiling under current law. Each year's value loss was added to the losses in previous years and offset by the lapse of exemptions caused by deaths and relocations of surviving spouses.

The applicable projected tax rates were applied to estimate the levy loss to special districts, cities and counties, and to estimate the initial school district loss. Because of the operation of the hold harmless provisions of the Education Code, about 60% of the school district cost related to the compressed rate would be transferred to the state in the first year of a taxable property value loss and 100% in later years. Because lagged year property values are used in the enrichment formula, school districts lose enrichment funding (state savings) in the first year of a taxable property value reduction. In the second and successive years the enrichment cost and a portion of the school district debt (facilities) cost are transferred to the state through the relevant funding formulas. All costs were estimated over the five year projection period.

The cost to the state for publication of the resolution is \$108,921.

## **Local Government Impact**

The fiscal implication to units of local government is included in the table above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS