

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

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

**April 18, 2013**

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

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

**IN RE: HJR138** by Rodriguez, Eddie (Proposing a constitutional amendment authorizing the governing body of a political subdivision to adopt a local option residence homestead exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the market value of an individual's residence homestead.), **As Introduced**

**No fiscal implication to the State is anticipated**, other than the cost of publication.

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

This resolution would propose a constitutional amendment to Section 1-b(e), Article VIII, of the Texas Constitution, to authorize the governing body of a political subdivision (taxing unit) to adopt a residence homestead property tax exemption of any dollar amount of \$5,000 or more, as an alternative to the optional percentage residence homestead exemption of up to 20 percent permitted under current law. The amendment would prohibit the legislature from providing formulas to protect a school district against all or part of the revenue loss incurred by the school district as a result of adopting the alternative exemption.

The resolution's proposed optional residence homestead exemption of any dollar amount of \$5,000 or more would allow taxing units that have not granted the optional percentage residence homestead exemption (up to 20 percent) allowed in current law to grant the new exemption or to switch from the optional percentage residence homestead exemption allowed in current law to the new exemption. The extent to which taxing units other than school districts would take either of these actions is unknown. School districts are unlikely to take either of these actions because they would not be reimbursed through the school finance formula. Consequently, the cost to school districts would be insignificant, and the cost to other taxing units cannot be estimated. Because school districts would not be reimbursed by the state, there would be no cost to the state.

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 adopted.

**Local Government Impact**

The resolution's proposed optional residence homestead exemption of any dollar amount of \$5,000 or more would allow taxing units that have not granted the optional percentage residence homestead exemption (up to 20 percent) allowed in current law to grant the new exemption or to

switch from the optional percentage residence homestead exemption allowed in current law to the new exemption. School districts are unlikely to take either of these actions because they would not be reimbursed through the school finance formula. Consequently, the cost to school districts would be insignificant. To the extent that other local taxing units take either of these actions there would be a cost to those taxing units.

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

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