

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB489 by Paxton (Relating to the authority of a taxing unit other than a school district to establish a limitation on the amount of ad valorem taxes that the taxing unit may impose on the residence homesteads of individuals who are disabled or elderly and their surviving spouses.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 11, 23, and 26 of the Tax Code, regarding property taxation, taxable property, exemptions, appraisals and assessment, to enable taxing units other than schools to limit the property taxes on the residence homestead of an individual who is at least 65 years of age, or disabled, to the amount of taxes paid on the homestead in the first tax year the individual qualified. Current law requires school districts to provide the property tax limitation and gives cities, counties and junior colleges the option to provide the tax limitation. Under this bill's provisions, all other taxing units would have the option to provide the tax limitation either by official action of the taxing unit's governing body or by a petition and election process.

To the extent that taxing units other than schools, cities, counties, and junior colleges adopt the property tax limitation on the residence homestead of an individual who is at least 65 years of age or disabled, the bill would create a cost to those taxing units. No information is available about the number of taxing units that would provide the limitation either by an official action of the governing body or by a petition and election process. Consequently the cost of the bill to these units of local government cannot be estimated.

Schools are currently required to provide the property tax limitation, while cities, counties and junior colleges currently have the option to provide the tax limitation, and therefore the bill would not create a cost to these taxing units. Because there is no cost to school districts, there would be no cost to the state through the state's school finance formulas.

This bill would take effect on January 1, 2014, but only if the constitutional amendment to authorize a political subdivision other than a school district to establish a limitation on the amount of ad valorem taxes that the political subdivision may impose on the residence homesteads of persons who are disabled or elderly and their surviving spouses is approved by the voters. If that amendment is not approved by the voters, this bill would have no effect.

Local Government Impact

To the extent that taxing units other than schools, cities, counties, and junior colleges adopt the property tax limitation on the residence homestead of an individual who is at least 65 years of age or disabled, the bill would create a cost to those taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS