

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

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

**May 10, 2013**

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

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

**IN RE: SJR32** by Paxton (Proposing a 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.), **As Engrossed**

**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 amendments to Section 1-b of Article VIII of the Constitution, 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. The Constitution currently requires school districts to provide the property tax limitation and gives cities, counties and junior colleges the option to provide the tax limitation. Under the amendment all other taxing units would have the option to provide the tax limitation.

The amendment would provide two procedures under which a taxing unit other than a school may establish the tax limitation. The first procedure allows the governing body of the taxing unit to establish the limitation. The second procedure provides a petition and election process to establish the limitation. The amendment would prohibit the repeal or rescission of the tax limitation once it is established under either procedure. The amendment provides for tax limitation transfers, even if required by a law passed after the limitation is established.

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 resolution would create a cost to those taxing units. No information is available about the number of taxing units that would provide the limitation by either of the procedures proposed by the resolution. Consequently the cost of the resolution 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 amendment 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.

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.

### **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 resolution would create a cost to those taxing units.

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

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