

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 17, 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.), **Committee Report 2nd House, As Amended**

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 an amendment to Section 1-b (h) 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. Certain constitutional districts or authorities would be permitted to include in a written agreement regarding the development or financing of facilities or improvements a provision that the district or authority will not establish a limitation on tax increases under this proposed amendment.

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 choose to provide the limitation. 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