

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 5, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1022 by Moody (Relating to the eligibility for an exemption from ad valorem taxation of the residence homestead of certain persons with a life estate in the homestead property.), **As Engrossed**

Passage of the bill would expand the definition of a residence homestead to include residences occupied by a surviving spouse holding a life estate in the property making these residences eligible for various property tax homestead exemptions. These additional homestead exemptions would create a cost to the Foundation School Fund through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to revise the definition of a residence homestead to include a residential structure occupied by an owner's surviving spouse who has a life estate in the property.

The bill's proposed inclusion, in the definition of a residence homestead, of residences occupied by a surviving spouse holding a life estate in the property would make these residences eligible for various property tax homestead exemptions, assuming they met the other legal requirements. These additional homestead exemptions would create a cost to local taxing units, and to the state through the operation of the school funding formulas.

The number of surviving spouses holding a life estate in residential homesteads who would qualify for a homestead exemption under the bill is unknown; consequently, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2016.

Local Government Impact

Passage of the bill would expand the definition of a residence homestead to include residences occupied by a surviving spouse holding a life estate in the property making these residences eligible for various property tax homestead exemptions. These additional homestead exemptions would create a cost to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS