

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 30, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**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 Introduced**

**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