

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 1, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR20 by Watson (Proposing a constitutional amendment authorizing the governing body of a political subdivision other than a school district to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the market value of an individual's residence homestead.), **As Introduced**

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 \$118,681.

The resolution proposes a constitutional amendment that would permit a taxing unit other than a school district to grant by official action a residence homestead exemption of at least \$5,000 (there is no maximum).

In a taxing unit (other than a school district) that has not previously adopted an optional percentage homestead exemption, the new exemption would take effect automatically unless the taxing unit takes official action electing not to adopt the exemption. In a taxing unit that rescinds an optional percentage homestead exemption and grants the proposed new exemption, a qualifying taxpayer would be permitted to elect to continue the percentage exemption and would be permitted to rescind that election in a later year. A taxpayer would not be permitted to reinstate the percentage exemption after that rescission.

The optional homestead exemption proposed in the constitutional amendment would create a cost to taxing units other than school districts to the extent that the taxing units adopt the new exemption or allow the automatic exemption to go into effect. There would be no cost to school districts or to the state.

The number of taxing units that would adopt the new exemption or allow it to go into effect automatically cannot be predicted. Similarly, the amount at which a taxing unit would set the exemption is unknown. Consequently, the cost to these taxing units cannot be estimated.

The proposed amendment would be submitted to voters at an election to be held November 3, 2015, and if adopted would take effect for the tax year beginning January 1, 2016.

Local Government Impact

The optional homestead exemption proposed in the constitutional amendment would create a cost

to local taxing units other than school districts to the extent that the local taxing units adopt the new exemption or allow the automatic exemption to go into effect. The number of local taxing units that would adopt the new exemption or allow it to go into effect automatically cannot be predicted. Similarly, the amount at which a local taxing unit would set the exemption is unknown. Consequently, the cost to these local taxing units cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

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