

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 24, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB55 by Schofield (Relating to an exemption from ad valorem taxation by a school district of a dollar amount or a percentage, whichever is greater, of the appraised value of a residence homestead and a reduction of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the homestead of an elderly or disabled person to reflect any increase in the exemption amount.), **As Introduced**

The fiscal implication to the state is discussed in the fiscal note for the enabling resolution, House Joint Resolution 17.

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to change the current school district residence homestead exemption of \$25,000 to the greater of \$25,000 or 13 percent of the homestead's appraised value. The bill also would reduce the property tax limitation (tax ceiling) on residence homesteads of individuals who are age 65 or older, or disabled, to reflect any increase in the exemption amount.

The bill would make conforming changes to Section 403.302 of the Government Code, regarding the determination of school district property values.

Adoption of the associated proposed constitutional amendment (HJR 17) alone would have a fiscal impact on school districts and the state without the passage of this bill. Consequently, the fiscal impact is shown in the fiscal note for HJR 17 and not here.

Note: The bill uses the "appraised value" of a homestead in computing the exempt amount. The associated constitutional amendment (HJR 17) uses "market value" in that computation. These values differ if a homestead's value is limited by the 10 percent appraisal cap afforded by Section 23.23 of the Tax Code. While appraised value may be more appropriate because it is the value (after exemptions) on which a homestead is taxed, the bill's use of "appraised value" would not comply with the Texas Constitution if HJR 17 is adopted by the voters.

The bill would take effect on January 1, 2018, contingent on voter approval of a constitutional amendment (HJR 17).

Local Government Impact

The fiscal implication to units of local government is discussed in the fiscal note for the enabling resolution, House Joint Resolution 17.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SJS