

**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: HB119** by Shine (Relating to the authority of the governing body of a taxing unit other than a school district to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the appraised value of an individual's residence homestead and the authority of the governing body of certain taxing units that have adopted such an exemption to reduce the amount of or repeal certain other exemptions.),  
**As Introduced**

**The adoption of the bill alone would have no fiscal impact on the state. Any fiscal impact would depend on the corresponding constitutional amendment.**

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to authorize taxing units other than school districts to grant a residence homestead exemption of at least \$5,000, or a larger amount specified by the taxing unit, by taking official action before July 1st of the year in which the exemption is to take effect. The exemption amount would be capped if the average market value of residence homesteads in the taxing unit exceeds \$25,000 in the tax year in which the exemption is adopted. The exemption cap would be the dollar amount of 20 percent of that taxing unit's average market value of residence homesteads in the tax year the exemption is adopted. The new exemption would be in addition to any other residence homestead exemption to which the property is eligible.

In a taxing unit other than a school district that rescinds an optional percentage homestead exemption and grants the proposed new exemption, a qualifying taxpayer would be entitled to continue to receive the percentage exemption in lieu of the new exemption if the taxpayer remains qualified, and the amount of the percentage exemption exceeds the amount of the proposed new exemption. This applies only to property for which the individual received an exemption in the last tax year in which the governing body granted the rescinded exemption. In these cases, the exemption would expire if there is a change of ownership or there is a change in the trustor or beneficiary of the trust if the property is owned by a qualifying trust.

The governing body of a city or county that adopted an optional percentage homestead exemption for the 2014 tax year may repeal the exemption if the taxing unit adopts the new exemption at an amount greater than \$5,000.

The adoption of the bill alone would have no fiscal impact on the state or units of local government. Any fiscal impact would depend on the corresponding constitutional amendment (HJR 25).

The bill would take effect on January 1, 2018, contingent on the passage of a constitutional

amendment.

**Local Government Impact**

The adoption of the bill alone would have no fiscal impact on units of local government. Any fiscal impact would depend on the corresponding constitutional amendment.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SJS