

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 9, 2017**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB626** by Workman (Relating to late applications for certain exemptions from ad valorem taxation.), **As Engrossed**

**Passage of the bill would allow the granting of certain late homestead and disabled veteran exemptions. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.**

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to require a chief appraiser to accept and approve, or deny, a late application for a residence homestead exemption regardless of which section of the Tax Code authorizes it if it is filed not later than two years (rather than one year) after the delinquency date for the taxes. The bill would place a deadline of not later than the 30th day after the date the late application is approved on the requirement that the chief appraiser notify the collector for each taxing unit if a late application is approved after approval of the appraisal records by the appraisal review board.

A tax collector would be required to pay a refund on an approved late homestead exemption not later than the 60th day after the date the chief appraiser notifies the collector of the approval.

A chief appraiser would be required to accept and approve or deny a late application for a partial exemption for a disabled veteran if the application is filed not later than five years (rather than one year) after the delinquency date for the taxes on the property. The bill would place a deadline of not later than the 30th day after the date the late application is approved on the requirement that the chief appraiser notify the collector for each taxing unit if a late application is approved after approval of the appraisal records for the applicable year. The bill would strike the provision that no additional interest is due on the amount refunded.

The bill's provisions allowing the granting of certain late homestead and disabled veteran exemptions would create a cost to local taxing units and to the state through the school finance formulas. Striking the provision that no additional interest is due on approved late partial exemptions for disabled veterans would create a cost to local taxing units but not to the state (interest is not included in the school finance formulas). The number and value of late exemptions that would be granted under the bill that are not granted under current law regarding late exemptions is not known; consequently, the cost of the bill cannot be estimated.

The bill would take effect September 1, 2017.

**Local Government Impact**

Passage of the bill would allow the granting of certain late homestead and disabled veteran exemptions. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced. Additionally, passage of the bill would strike the provision that no additional interest is due on approved late partial exemptions for disabled veterans. As a result, revenue for units of local government could be reduced.

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

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