

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: HB1101 by Pickett (Relating to the authority of the chief appraiser of an appraisal district to require a person to file a new application to confirm the person's current qualification for the exemption from ad valorem taxation of the total appraised value of the residence homestead of a 100 percent disabled veteran.), **As Engrossed**

Passage of the bill would prohibit a chief appraiser from requiring a 100 percent or totally disabled veteran to file a new residence homestead exemption. This could create a cost to the state through the school finance formulas because in some instances the ownership of the property might have changed and the new owner may not be eligible for the exemption.

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to prohibit a chief appraiser from requiring a 100 percent or totally disabled veteran allowed a total residence homestead exemption to file a new application to determine the person's current qualification for the exemption if the person has a permanent total disability determined by the U.S. Department of Veterans Affairs.

The bill would prohibit a chief appraiser from requiring a 100 percent or totally disabled veteran to file a new residence homestead exemption. This could create a cost to local taxing units and the state through the school finance formulas because in some instances the ownership of the property might have changed and the new owner may not be eligible for the exemption. The new application might enable the appraisal district to ensure that a new owner receives the proper exemption which would be likely to be less than a total exemption. No information is available to estimate the number or value of exemptions that might be improperly granted under the bill's prohibition. Consequently, the bill's cost cannot be determined.

The bill would take effect on January 1, 2018.

Local Government Impact

Passage of the bill would prohibit a chief appraiser from requiring a 100 percent or totally disabled veteran to file a new residence homestead exemption. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced because in some instances the ownership of the property might have changed and the new owner may not be eligible for the exemption.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS