

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3908 by Bonnen, Dennis (Relating to an exemption from ad valorem taxation of the total appraised value of the residence homestead of an eligible peace officer who resides in a qualified high crime area.), **As Introduced**

Passage of the bill would establish a total residence homestead exemption if the homestead is owned by an eligible peace officer and located in a specified high crime census tract. As the number of such homeowners is unknown, the effect of the reduction to taxable property values and related costs to the Foundation School Fund is indeterminate.

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to require the Department of Public Safety to perform an analysis of crime statistics for the preceding tax year and identify the 100 census tracts in this state with the highest number of per capita arrests made under Title 5 of the Penal Code, regarding crimes against the person. These census tracts would be designated "qualified high crime areas". An eligible peace officer, as defined, would be entitled to an exemption from property taxation of the total appraised value of the officer's residence homestead if the residence homestead is located in a qualified high crime area.

The bill's proposed total residence homestead exemption if the homestead is owned by an eligible peace officer and located in a specified high crime census tract would create a reduction to local revenue and a cost to the state through the school finance formulas. The number of eligible peace officers that would receive the residence homestead exemption is unknown as is the disposition of the exemption if the tract in subsequent years is no longer high crime; consequently the cost of the bill cannot be estimated but is unlikely to be significant on a statewide level.

The bill would be effective January 1, 2018, contingent on voter approval of a constitutional amendment (HJR 115).

Local Government Impact

Passage of the bill would establish a total residence homestead exemption if the homestead is owned by an eligible peace officer and located in a specified high crime census tract. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

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

