

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 21, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR64 by Bohac (Proposing a constitutional amendment to exempt from ad valorem taxation the total market value of the residence homesteads of certain elderly persons and their surviving spouses.), **As Introduced**

Adoption of the proposed constitutional amendment alone would implement the proposed exemption and would have, in and of itself, a negative fiscal impact on the state. The implementation of the permissive provision allowing the state to protect school districts from all or part of the revenue loss from the proposed exemption would depend, however, on the corresponding enabling legislation. Consequently the fiscal cost of this joint resolution is combined with the fiscal cost of the school finance provisions in the implementing legislation and shown in the fiscal note for the implementing legislation (HB 1473).

The cost to the State for publication of the resolution is \$114,369.

The resolution would propose an amendment to Section 1-b, Article VIII, of the Texas Constitution to provide that a person is entitled to an exemption from property taxation of the total market value of the person's residence homestead if the person is 80 years of age or older and the person has received a residence homestead exemption for at least the preceding 10 years. The surviving spouse of a person who received the proposed exemption would be entitled to an exemption from property taxation of the total market value of the same property if the:

1. deceased spouse died in a year in which the deceased spouse received the exemption;
2. surviving spouse was 55 years of age or older when the deceased spouse died;
3. property was the residence homestead of the surviving spouse when that spouse died, and
4. property remains the residence homestead of the surviving spouse.

Where property tax of a political subdivision has previously been pledged for the payment of debt, the taxing officers of the political subdivision would be permitted to continue to levy and collect the tax against the value of the exempt homesteads until the debt is paid if the cessation of the levy would impair the debt obligation. The Legislature would be permitted to provide for formulas to protect school districts against all or part of the revenue loss incurred. The Legislature would be permitted to prescribe procedures for the administration of this proposed exemption.

Adoption of the proposed constitutional amendment alone would implement the proposed exemption and would have, in and of itself, a negative fiscal impact on the state and units of local government.

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The proposed amendment would be submitted to voters at an election to be held November 7, 2017.

Local Government Impact

Adoption of the proposed constitutional amendment alone would implement the proposed exemption and would have, in and of itself, a negative fiscal impact on units of local government. The implementation of the permissive provision allowing the state to protect school districts from all or part of the revenue loss from the proposed exemption would depend, however, on the corresponding enabling legislation. Consequently the fiscal cost of this joint resolution is combined with the fiscal cost of the school finance provisions in the implementing legislation and shown in the fiscal note for the implementing legislation (HB 1473).

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS