

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 13, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB129 by Hinojosa (relating to eligibility for the exemption from ad valorem taxation of the residence homestead of the surviving spouse of certain first responders.), **Committee Report 1st House, Substituted**

Passage of the bill would add specified federal employees as first responders whose death could result in a homestead exemption for surviving spouses. 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 Section 11.134 of the Tax Code, regarding the residence homestead of a surviving spouse of a first responder killed in the line of duty to include as first responders for the purpose of the residential homestead exemption of a surviving spouse:

- 1) a Special Agent of the United States Immigration and Customs Enforcement;
- 2) a Customs and Border Protection Officer or Border Patrol Agent of the United States Customs and Border Protection; or
- 3) an immigration enforcement agent or deportation officer of the Department of Homeland Security.

The bill would require that, to receive the exemption, a surviving spouse of a first responder added by the bill must be a resident of this state at the time of the first responder's death.

Current law entitles a surviving spouse of certain first responders who work for a Texas government, agency, or institution to a total residence homestead exemption under certain conditions. The bill's addition of specified federal employees as first responders whose death could result in a homestead exemption for additional surviving spouses would create a cost for local taxing units and the state through the school funding formula. The number of additional qualified surviving spouses, and the value of their exempted homesteads under the bill is unknown. Consequently, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2020.

Local Government Impact

Passage of the bill would add specified federal employees as first responders whose death could result in a homestead exemption for surviving spouses. 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

LBB Staff: WP, KK, SD, SJS