

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 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: SB540 by Kolkhorst (Relating to the period for which a property owner may receive a residence homestead exemption from ad valorem taxation for property that is rendered uninhabitable or unusable as a result of a disaster.), **As Introduced**

Passage of the bill would extend the period a property owner may receive a residence homestead exemption when a residence is under repair following a disaster that rendered the residence uninhabitable. 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 taxable property and exemptions, to extend the period a property owner may receive a residence homestead exemption when a residence is under repair following a disaster that rendered the residence uninhabitable to five years if the property is located in an area declared to be a disaster area by the Governor following a disaster and the residential structure located on the property is rendered uninhabitable or unusable as a result of the disaster.

The number of homestead exemptions that would qualify under the bill's provisions increasing the limit from two years to five years is unknown. To the extent that exemptions would be continued under the bill that would have been removed under current law, there would be a loss to taxing units and to the state through the school funding formula.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2019.

Local Government Impact

Passage of the bill would extend the period a property owner may receive a residence homestead exemption when a residence is under repair following a disaster that rendered the residence uninhabitable. 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

