

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 13, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

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

IN RE: SB1943 by Watson (Relating to the ad valorem taxation of heir property.), **As Engrossed**

The bill would define "heir property" as real property owned by one or more individuals, at least one of whom claims the property as the individual's residence homestead; and acquired by the owner by will, transfer on death deed, or intestacy, regardless of whether the interests of the owners are recorded in the real property records of the county in which the property is located. To the extent that certain property owners are currently unable to establish ownership of a property and claim a residence homestead exemption but would qualify under the provisions in the bill, there would be a cost to the state through the school funding formula.

The bill would amend Chapter 1 of the Tax Code, regarding general property tax provisions, to define "heir property" as real property owned by one or more individuals, at least one of whom claims the property as the individual's residence homestead; and acquired by the owner or owners by will, transfer on death deed, or intestacy, regardless of whether the interests of the owners are recorded in the real property records of the county in which the property is located.

The bill would define "heir property owner" as an owner of heir property who claims the property as the individual's residence homestead.

The bill would require the Comptroller to prepare and electronically publish a pamphlet that provides information to assist heir property owners in applying for a residence homestead exemption.

The bill would specify the application form for a residence homestead exemption must require an applicant who is not specifically identified on a deed or other appropriate instrument recorded in the real property records of the county in which the property is located as an owner of the residence homestead, including an heir property owner, to provide:

- (1) an affidavit establishing the applicant's ownership of an interest in the property, if the applicant is an heir property owner;
- (2) a copy of the death certificate of the prior owner of the property, if the applicant is an heir property owner;
- (3) a copy of the most recent utility bill for the property; and
- (4) a citation of any court record relating to the applicant's ownership of the property if available.

To the extent that certain property owners are currently unable to establish ownership of a

property and claim a residence homestead exemption but would qualify under the provisions in the bill there would be a cost to local taxing units and to the state through the school funding formula. The number and value of potential properties affected is unknown. Consequently, the cost of the bill cannot be estimated.

The bill would take effect September 1, 2019.

Local Government Impact

The bill would define "heir property" as real property owned by one or more individuals, at least one of whom claims the property as the individual's residence homestead; and acquired by the owner by will, transfer on death deed, or intestacy, regardless of whether the interests of the owners are recorded in the real property records of the county in which the property is located. To the extent that certain property owners are currently unable to establish ownership of a property and claim a residence homestead exemption but would qualify under the provisions in the bill, there would be a cost to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS