

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR84 by Schofield (Proposing a constitutional amendment establishing a limitation on the total amount of ad valorem taxes that political subdivisions may impose on the residence homesteads of individuals who are disabled or elderly and their surviving spouses.), **As Introduced**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$178,333.

The resolution would propose an amendment to Section 1-b(d) of Article VIII of the Texas Constitution, to modify the homestead tax ceiling for individuals who are over 65 years of age or who are disabled to apply to property taxes imposed by a political subdivision (rather than only a school district). The resolution also allows a surviving spouse of a person with a disabled exemption to receive the tax ceiling benefit. The surviving spouse would have to be either 55 years or older or disabled.

The resolution would repeal Section 1-b(h), of Article VIII, regarding permitting counties, cities and junior colleges to grant a residence homestead tax ceiling.

The proposed amendment's requirement that all taxing units grant the over-65 or disabled tax ceiling would create a cost to taxing units not currently granting the tax ceiling. All school districts currently grant the exemption, so neither school districts nor the state would be affected by the amendment.

The cost to the state for publication of the resolution is \$178,333.

The proposed amendment would be submitted to voters at an election to be held November 2, 2021.

Local Government Impact

The proposed constitutional amendment, if approved by the voters, would create a cost to taxing units not currently granting the over-65 or disabled tax ceiling. Historical tax ceiling levy loss information from school districts was used to estimate the levy losses for special districts, cities and counties. Losses from taxing units that currently grant the optional tax ceiling were excluded. The cumulative losses were projected through the five-year period shown in the table below.

Fiscal Year	Possible Revenue Gain/(Loss) Counties	Possible Revenue Gain/(Loss) from Cities	Possible Revenue Gain/(Loss) from Special Districts
2022	\$0	\$0	\$0
2023	(96,685,000)	(99,429,000)	(78,483,000)
2024	(206,283,000)	(212,136,000)	(167,448,000)
2025	(279,079,000)	(286,997,000)	(226,539,000)
2026	(355,142,000)	(365,218,000)	(288,282,000)

Source Agencies: 304 Comptroller of Public Accounts

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