

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATURE 2nd CALLED SESSION 2023

July 13, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR2 by Metcalf (Proposing a constitutional amendment to authorize the legislature to establish a limit on the maximum appraised value of real property other than a residence homestead for ad valorem tax purposes; to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads; to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts; to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and to authorize the legislature to provide for a four-year term of office for a member of the governing body of certain appraisal entities.), **As Engrossed**

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 \$204,406.

The resolution would propose an amendment to Article VIII, Section 1, of the Texas Constitution, relating to taxation and revenue, to permit the Legislature by general law to limit the maximum appraised value of real property other than a residential homestead for property taxation purposes in a tax year to the lesser of the most recent market value or 120 percent, or a greater percentage, of the appraised value of the property for the preceding tax year.

The resolution would propose an amendment to Article VIII, Section 1-b, to increase the mandatory homestead exemption for school district property taxation from \$40,000 to \$100,000.

The resolution would propose an amendment to Article VIII, Section 22, relating to restrictions in growth of appropriations, to state that certain appropriations used for property tax relief would not be considered when determining whether the rate of growth of appropriations in a biennium has exceeded the constitutional tax spending limit.

The resolution would propose an amendment to Article XVI, Section 30, to permit the Legislature by general law to require that members of the governing body of an appraisal entity established in a county with a population of 75,000 or more serve terms not to exceed four years.

The approval of the proposed amendment to Section 1-b of Article VIII by the voters would, in and of itself, result in a reduction of school district property tax revenue and a partial reimbursement of that lost revenue by the state. The fiscal impact of these provisions is shown in the fiscal note for SB 2.

The proposed amendment would be submitted to voters at an election to be held November 7, 2023.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JMc, SD, BRI, KK