

BILL ANALYSIS

C.S.H.B. 3640
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The residence homestead property tax exemption lowers the taxable value of a person's primary residence. Unfortunately, a very narrow population of Texas adults cannot benefit from this exemption. Adults with intellectual and developmental disabilities (IDDs) residing in their own home cannot qualify for the exemption because having the home in their name would cause them to lose some of their federal and state benefits, which they greatly need and deserve. In an effort to care for their adult loved ones with an IDD, some parents, siblings, or other family members have purchased a home in their own name for their loved one to live in on a daily basis. C.S.H.B. 3640 seeks to provide a property tax exemption equal to the amount of the existing residence homestead exemption to a family member who owns a home used as the primary residence for an adult with an IDD.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3640 amends the Tax Code to entitle a person to a property tax exemption, equal to the amount of the general residence homestead exemption, on the appraised value of the real property the person owns that is the primary residence of an adult who has an intellectual or developmental disability and who must be related to the owner or trustee of the property within the third degree by consanguinity. The bill excludes from this exemption any real property that qualifies for a residence homestead property tax exemption. For purposes of this exemption, the bill defines "developmental disability" and "intellectual disability" by reference as follows:

- "developmental disability" means a severe, chronic disability that:
 - is attributable to a mental or physical impairment or to a combination of a mental and physical impairment;
 - is manifested before a person reaches the age of 22;
 - is likely to continue indefinitely;
 - results in substantial functional limitations in three or more major life activities; and
 - reflects the person's needs for a combination and sequence of special interdisciplinary or generic care, treatment, or other lifelong or extended services that are individually planned and coordinated; and

- "intellectual disability" means significantly subaverage general intellectual functioning that is concurrent with deficits in adaptive behavior and originates during the developmental period.

C.S.H.B. 3640 includes the exemption among the exemptions that, once allowed, need not be claimed in subsequent years and continue to apply to the property until an ownership change occurs or until the person's qualification for the exemption changes. The bill's provisions apply only to property taxes imposed for a tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2024, if the constitutional amendment authorizing the legislature to provide for an exemption from property taxation of a portion of the market value of a property that is the primary residence of an adult who has an intellectual or developmental disability and who must be related to the owner or trustee of the property within a certain degree by consanguinity is approved by the voters.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3640 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits language included in the introduced that conditioned the eligibility of real property to receive the exemption on the property not being used for the production of income.

The substitute conditions the eligibility of a property owner for the exemption on the adult who has an intellectual or developmental disability that is residing on the property being related to the owner or trustee of the property within the third degree by consanguinity, whereas in the introduced no option was provided to qualify on the basis of relation to a trustee.

The substitute includes a provision not present in the introduced that excludes from the exemption any real property that qualifies for a residence homestead property tax exemption.