

BILL ANALYSIS

S.B. 1801
By: Springer
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Erroneous homestead exemptions bestow an unmerited benefit on some homeowners. This shifts the tax burden to compliant taxpayers through increased tax rates. As the Texas Legislature considers increasing the homestead exemption, the fiscal harm and unfairness grows proportionately. Periodic review of homestead exemptions will increase consistency across the state and facilitate fairness in setting tax rates by adding value to the tax roll. Current law requires a chief appraiser to investigate if a previously granted homestead exemption is invalid. This can happen when an owner has an exemption on more than one property or an owner does not primarily live at a residence. If the chief appraiser discovers that an exemption has been erroneously allowed in any one of the five prior years, the chief appraiser must remove the exemption and initiate a process to impose taxes on any value that escaped taxation. While current law requires a chief appraiser to investigate, there is no requirement to proactively review existing homestead exemptions to determine whether an exemption may be erroneous. S.B. 1801 seeks to address this issue by providing for the periodic review of each residence homestead exemption granted by an appraisal district to confirm that the recipient still qualifies for the exemption.

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

S.B. 1801 amends the Tax Code to require the chief appraiser of an appraisal district, not later than January 1, 2024, to develop and implement a program for the periodic review of each residence homestead exemption granted by the district to confirm that the recipient still qualifies for the exemption. The program must require the chief appraiser to review each residence homestead exemption at least once every five tax years, with the first five-year review cycle beginning on January 1, 2024. The program may provide for the review to take place in phases, with a portion of the exemptions reviewed in each tax year.

EFFECTIVE DATE

September 1, 2023.