

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 4, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3757 by Wilson (relating to the authority of a taxing unit other than a school district, county, municipality, or junior college district to establish a limitation on the amount of ad valorem taxes that the taxing unit may impose on the residence homesteads of certain low-income individuals who are disabled or elderly and their surviving spouses.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 11 of the Tax Code, relating to Taxable Property and Exemptions, to enable a taxing unit other than a school district, county, municipality, or junior college district to limit the property taxes on the residence homestead of certain low-income individuals 65 years of age or older or disabled, and their surviving spouses, to the amount of taxes paid on the homestead in the first tax year the individual qualified. The bill would describe an eligible individual as an individual whose household income does not exceed 200 percent of the federal poverty level.

Current law requires school districts to provide a property tax limitation for homeowners 65 years of age or older or disabled, and their surviving spouses and provides cities, counties, and junior colleges the option to provide the tax limitation. This bill would provide all other taxing units the option to provide a tax limitation on the residence homestead of certain low-income individuals 65 years of age or older or disabled, and their surviving spouses either by official action of the taxing unit's governing body or by a petition and election process. The bill would make conforming changes to Chapters 23 and 26 of the Tax Code.

The bill would take effect January 1, 2024, contingent on the approval by voters of a constitutional amendment (HJR 153).

Local Government Impact

Contingent on the passage of a constitutional amendment, passage of the bill would expand the authority to limit the property taxes on the residence homestead of certain low-income individuals 65 years of or older or disabled and their surviving spouses to taxing units other than school districts, municipalities, counties, and junior colleges.

To the extent that taxing units other than school districts, cities, counties, and junior colleges adopt the property tax limitation on the residence homestead of a low-income individual who is at least 65 years of age or disabled, there would be a cost to those taxing units.

Source Agencies: 304 Comptroller of Public Accounts

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