

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 22, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR1 by Meyer (proposing a constitutional amendment to authorize the legislature to limit the maximum appraised value of real property for ad valorem tax purposes and to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations.), **Committee Report 1st House, Substituted**

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 (currently, residence homesteads only) for property taxation purposes in a tax year to the lesser of the most recent market value or 105 percent, or a greater percentage, of the appraised value of the property for the preceding tax year.

The appraisal limitation would take effect in the tax year following the first tax year in which the owner owns the property on January 1. The limitation expires on January 1 of the tax year following the tax year in which the owner of the property ceases to own the property except that the Legislature may provide for the limitation applicable to a residence homestead to continue during ownership of the property by the owner's spouse or surviving spouse.

This resolution would propose an amendment to Article VIII, Section 1, of the Texas Constitution to add Subsection (i-1) to allow the Legislature by general law to define real property, which could include a manufactured or mobile home used as a dwelling.

The resolution also proposes 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 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: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI