

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 26, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1801 by Springer (Relating to a requirement that each appraisal district periodically confirm that recipients of residence homestead exemptions qualify for those exemptions.), **As Introduced**

Passage of the bill would require appraisal districts to conduct periodic reviews to verify if properties receiving a homestead exemption meet the statutory requirements for the exemption. As a result, taxable property values could be increased and related costs to the Foundation School Fund could be reduced through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code, relating to Taxable Property and Exemptions, to require a chief appraiser to develop a periodic review, at least once every five tax years, of each residence homestead exemption granted to confirm recipients still qualify for the exemption. The review can be conducted in phases and must begin January 1, 2024.

The bill would require a review of all residential homestead exemptions granted. The number of properties that might lose their exemption upon this review is unknown. While fewer homestead exemptions would lead to a higher overall taxable value and savings to the state through the operation of the school finance formulas, the fiscal impact cannot be determined.

Local Government Impact

Passage of the bill would require appraisal districts to conduct periodic reviews to verify if properties receiving a homestead exemption meet the statutory requirements for the exemption. As a result, taxable property values could be increased. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be lower as a consequence of the potential reduction in the number of properties receiving residential homestead exemptions that could result from implementing the provisions of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, BRI