

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 30, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB972 by Noble (Relating to an exemption from ad valorem taxation of a portion of the appraised value of a property other than a residence homestead 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.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Contingent on the passage of HJR 72, the bill would provide a property tax exemption of a portion of the appraised value for certain primary residences of adults with intellectual or developmental disabilities. The bill defines “developmental disability” by Section 112.042, Human Resources Code and “intellectual disability” by Section 591.003, Health and Safety Code.

The bill would grant an exemption from taxation equal to the amount of the exemption prescribed by Section 11.13(b) of the appraised value of the real property, provided it does not qualify for an exemption as a person's residence homestead. The property must be the primary residence of an adult who has an intellectual or developmental disability and must be related to the owner or trustee of the property within the third degree by consanguinity.

Of a Texas population of about 489,000 people with intellectual or development disabilities (IDD), it is estimated about 6,400 would be adults in living arrangements that would qualify a property for the proposed exemption. The bill provides that a property which is the residence of an adult with IDD, would not qualify for the proposed exemption if the property receives a homestead exemption under Sec. 11.13 as the primary residence of the relative owning the home.

The exemption proposed by the bill would reduce taxable value and the associated property tax revenue for school districts. As a result, state costs would increase through the operation of the school finance formula. However, these costs are not expected to be significant.

Local Government Impact

Contingent upon passage of a constitutional amendment authorizing the exemption, passage of the bill would authorize an exemption for certain primary residences of adults with intellectual or developmental disabilities. As a result, taxable property values for local governments could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduced taxable value. If cities, counties, and special districts did not adopt higher rates, local levies would be reduced. If those jurisdictions adopted higher tax rates, the initial revenue loss from the exemption would be offset by increased tax levies from owners of non-exempt property and slightly reduced tax savings from owners of exempt property.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI