

SUBJECT: Allowing senior citizens to work off school taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 8 ayes — Craddick, Ramsay, Grusendorf, Heflin, Holzheuser, Horn,
Oiveira, Thompson

0 nays

3 absent — Stiles, Telford, Williamson

WITNESSES: For — Elizabeth Little

Against — None

DIGEST: HB 41 would allow school boards to contract with people who are at least 65 years old to perform a service in lieu of paying school taxes on their home. The school board would determine how many people would be permitted to enter into such contracts and the maximum number of hours they could work.

The contract would have to be executed before the tax delinquency date. It would have to specify what work would be performed, where and when the work would be done, and the other required terms of the agreement. For each hour of service, the individual would be credited an amount equal to the federal minimum wage. If the services were not performed or were unsatisfactory, the taxes would be treated as delinquent and incur penalty and interest. While performing the services, the property owner would not be considered an employee of the district and would not be entitled to employee benefits or workers compensation insurance coverage.

HB 41 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

SUPPORTERS SAY: HB 41 would offer senior citizens, many of whom live on limited incomes, a way to pay off some of their school property taxes while providing schools with access to a range of skills and services and promoting intergenerational partnerships. School districts could use this program to fill gaps in service

where needed without incurring the overhead costs associated with hiring even part-time or seasonal employees.

This type of program has proven effectiveness. The proposals in HB 41 are patterned after a successful initiative in Littleton, Colorado, that allows senior citizens to receive up to \$513 credit against their school property taxes for providing a variety of services.

Under HB 41, each school board would have the option of contracting with senior citizens; the board would not be required to allow such contracts if doing so would present a financial hardship to the school district. The board also would have the option of limiting the number of participants to contain any negative financial effects resulting from the reduction in tax income.

OPPONENTS
SAY:

HB 41 would unfairly extend preferential tax treatment to a group that already receives a number of school tax breaks. If a school board is willing to accept services in lieu of taxes, it should also extend this option to younger workers, who may be just as stretched financially and are not currently entitled to as many school tax breaks.

Many parents already volunteer thousands of hours of their time to help out at their children's schools. It would be unfair to pay older people for work that parent volunteers have been performing for so long without any thought of compensation.

OTHER
OPPONENTS
SAY:

HB 41 could create more demand than could be filled. It is likely that many senior citizens would be drawn to the opportunity of doing work for a school district in exchange for a property tax reduction, even those who can afford to pay their taxes without difficulty. In order to contain tax revenue losses, school districts would have to limit the number of contracts they could offer, and deny many seniors who are economically hard-pressed the opportunity to take advantage of the program. One possible consequence is that school board members would be pressured to grant contracts to specific individuals, setting up a host of logistical problems and liability concerns for a district. HB 41 should more narrowly define eligibility criteria for participating in this kind of program.