

- SUBJECT:** Regulating assistance on filing for residence homestead tax exemptions
- COMMITTEE:** Local Government Ways and Means — committee substitute recommended
- VOTE:** 5 ayes — Hill, Elkins, Puente, Quintanilla, Uresti  
0 nays  
2 absent — Hamilton, Laubenberg
- WITNESSES:** For — Robert Doggett, Texas Low Income Housing Information Service; Coach Dan Hart, Taxpayers for Equal Appraisal  
Against — Allen Place, Texas Land Title Association
- BACKGROUND:** Under Texas Constitution, Art. 8, Sec. 1-a, an adult or family is entitled to an exemption from taxation of \$3,000 of the assessed value of a single residence homestead.  
  
Ch. 11 of the Tax Code relates to taxable property and exemptions, and sec. 11.13, enacted by the 66th Legislature in 1979, governs residence homestead exemptions. Section 11.13 authorizes exemptions as provided for by the Constitution along with special exemptions for adults over 65 or people with disabilities.  
  
Under current law, an application must be filed with the county appraisal district after the first anniversary of property purchase between January 1 and April 30 to receive an exemption. Once an exemption is granted, subsequent applications are not needed, unless otherwise disqualified for an exemption.
- DIGEST:** CSHB 89 would amend Tax Code, ch. 11, to place certain restrictions on a person or company helping another person file a homestead exemption application. Only a person who had not obtained a homestead exemption within one year of the purchase could receive assistance. A person providing application assistance would be responsible for filing the application between January 1 and April 30 and could not charge either a percentage of the exemption or a fee in excess of \$55.00 for the assistance.

The fee would have to be paid by the recipient of the service.

The bill would amend Property Code, ch. 41, to require inclusion of a disclaimer on any material advertising for paid assistance with homestead exemption application filing. The disclaimer would specify that the advertisement of such services was not an official document of a taxing unit, county, or the state, and that people already receiving exemptions did not need to file again.

No fees could be charged for assistance with an application filing when:

- an exemption already had been granted;
- the application was filed before the first anniversary of the property purchase date; or
- no disclaimer on written advertisements was provided.

A person charging unauthorized fees would be liable for damages, a \$1,000 civil penalty fine, and reasonable court costs and attorney fees.

The bill would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

Most appraisal districts and the comptroller provide forms and instructions for obtaining a homestead exemption on their websites or through U.S. mail upon request. Eligible homeowners are statutorily entitled to exemptions but often pay for assistance in filing an application. Unfortunately, the proliferation of certain dishonest companies claiming to offer assistance with homestead exemption filing has deceived many Texans. These companies systematically charge exorbitant rates or charge a percentage of their clients' exemptions for their services, yet fail to obtain the exemptions for clients, who often are elderly or disabled and entitled to greater exemptions than most people. These companies also target lower-income individuals, first-time home owners, and new state residents who may be unaware of homestead exemption entitlement laws in Texas. Companies also sometimes vow to help "designate" a client's home as a homestead, a meaningless procedure that does not expedite receipt of exemptions.

CSHB 89 would help protect taxpayers from fraudulent companies and regulate their practices by placing requirements, limiting fees and providing disclaimers on their services.

The bill would rein in dishonest companies and individuals and impose penalties for violations. Quality service providers would not be affected and could take advantage of the bill's allowable fee increase.

Opposition to the original version of the bill was based largely on requirements for title companies to provide applications and filing instructions for homeowners upon closing on homes sales. Removing this provision in the substitute would relieve title companies of any liability and focus on the culprits of illegitimate services.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The substitute does not require that the party who prepares the closing documents on home purchases provide the exemption application and instructions to the buyers. Also, the substitute increased the maximum charge for homestead exemption filing in the original bill from \$25.00 to \$55.00.