

- SUBJECT:** Regulating assistance with filing for residence homestead tax exemption
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 7 ayes — Keffer, Ritter, Otto, Bonnen, Flores, Pena, Pitts
0 nays
2 absent — Y. Davis, Paxton
- WITNESSES:** For — Robert Doggett, Texas Low Income Housing Information Service; Jim Robinson; Buddy Winn; (*Registered, but did not testify*: Dick Lavine, Center for Public Policy Priorities)

Against — Edward Moore, Research Group of Texas Inc.; Richard Andeo
- 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. Under sec. 1- b, all residence homestead property has a \$15,000 exemption for public school taxation purposes. The Legislature may authorize an additional exemption of up to \$10,000 for property owned by people who are disabled or age 65 and older.

Tax Code sec. 11.13(b) entitles an individual to a \$15,000 exemption on the appraised value of that person's residential homestead for public school taxation purposes. Subsec. (c) provides an individual who was 65 or older an additional \$10,000 exemption.

Under current law, an application for a homestead exemption must be filed with the county appraisal district after the first anniversary of property purchased 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:** Under HB 2167, a person who assisted another individual in preparing or filing an application for a homestead exemption after the first anniversary of the sale or transfer of the property to that individual could not charge a fee of more than \$55 for that service. The person helping to file the

application would have to file it with the chief appraiser for each appraisal district in which the property was located.

The fee would have to be paid directly by the individual receiving the service. The person providing the service could not accept part of a refund of taxes on any property as payment for those services.

A person providing this assistance could not charge a fee to an individual if that individual already had been granted an exemption or if the application was submitted within a year of the date of sale or transfer of the property to the individual.

A person delivering an advertisement for such a service would have to include a disclaimer on the advertisement conspicuously bearing the following statement, or a statement that was substantially similar:

“THIS DOCUMENT IS AN ADVERTISEMENT OF SERVICES. IT IS NOT AN OFFICIAL DOCUMENT OF THE STATE OF TEXAS OR OF ANY COUNTY OR TAXING UNIT OF THE STATE OF TEXAS. A PERSON WHO CURRENTLY RECEIVES A HOMESTEAD EXEMPTION FROM AD VALOREM TAXATION FOR A PARCEL OF REAL PROPERTY IS CONSIDERED TO HAVE DESIGNATED THE PROPERTY AS THE PERSON'S HOMESTEAD FOR PURPOSES OF TEXAS PROPERTY LAW AND NEED NOT FILE A HOMESTEAD DESIGNATION IN THE COUNTY DEED RECORDS.”

A person violating the terms of the bill would be liable for actual damages, a \$1,000 civil penalty, court costs, and attorney's fees.

The bill would take effect September 1, 2007.

**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.

HB 2167 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 help 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.

**OPPONENTS
SAY:**

The \$55 fee allowable under HB 2167 would not be sufficient for legitimate companies providing service to individuals who had failed to take advantage of the homestead exemption allowable under state law. While fraudulent operations should be shut down, other businesses provide a legitimate service in educating homeowners and guiding them through the Byzantine process of applying for a homestead exemption. If enacted, HB 2167 could lead to fewer Texas learning about and taking advantage of this important tax benefit.