

- SUBJECT:** Using a driver’s license to prove eligibility for a homestead exemption
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 11 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Martinez Fischer, Murphy, Ritter, Villarreal, Woolley
- 0 nays
- WITNESSES:** For — P. H. “Fourth” Coates, Kerr County Central Appraisal District, Texas Association of Appraisal Districts, and Rural Chiefs; Jim Robinson, Texas Association of Appraisal Districts; (*Registered, but did not testify:* Jim Allison, County Judges & Commissioners Association of Texas; Cheryl Johnson, Galveston County Tax Office; Sheryl Swift, Galveston County Tax Office)
- Against — None
- On — Debbie Cartwright, Comptroller of Public Accounts
- BACKGROUND:** Under Tax Code, sec. 11.43, the comptroller is responsible for drafting a standardized application for a residential homestead that property owners may submit to their local chief appraisers when applying for a residence homestead exemption.
- On the standardized form, applicants must:
- list a driver’s license number, state-issued personal identification number, or a social security number;
 - list each owner of the homestead and their ownership interest;
 - state that the applicant does not claim another homestead exemption on another residence;
 - state that each assertion in the application is true; and
 - include a sworn statement that the applicant has read and understands the notice of the penalties for making a false statement in a governmental record under Penal Code, sec. 37.10.
- DIGEST:** CSHB 252 would require an applicant for a residence homestead exemption to supply a copy of the applicant’s driver’s license or state-

issued personal identification and a copy of the applicant's vehicle registration receipt. A person who did not own a vehicle would have to provide a signed affidavit to that effect and a copy of a utility bill in the applicant's name for the property on which the residence homestead exemption was sought.

A chief appraiser could not grant an exemption unless the address on the applicant's driver's license or state-issued ID matched the address on the applicant's vehicle registration or utility bill and corresponded to the address for the property for which the applicant sought a residence homestead exemption.

Under CSHB 252, the standardized application for a homestead exemption would have to state that the applicant did not claim another homestead exemption on another residence either inside or outside of Texas.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

CSHB 252 would help prevent the loss of local and state revenue due to homestead exemption fraud. Current law and efforts by appraisers to prevent homestead exemption fraud are not adequate.

In a recent study, the Central Appraisal District of Harris County found 121,159 properties where a taxpayer claimed a property-tax exemption for property that was not listed on their driver's license as their residence. Assuming the population with homesteads in Harris County is representative of that statewide, too many Texans either have not updated their driver's licenses or are claiming homestead exemptions for which they are not eligible.

Requiring an applicant for a homestead exemption to prove that the property was actually the applicant's primary residence with a current matching driver's license would help eliminate multiple homesteads and homesteads on rental property. It also would significantly increase the percentage of Texans who properly updated their driver's licenses.

CSHB 252 also would incentivize people who recently moved to Texas and were applying for a homestead exemption to register their vehicles in Texas. Under current law, persons living in Texas are required to register their vehicles in the county where they live. CSHB 252 would encourage

people to register their vehicles quickly so they could take advantage of a homestead exemption as soon as possible.

According to the LBB's fiscal note, CSHB 252 would raise revenue for the state. Preventing applicants from receiving homestead exemptions for which they were not eligible could cause taxable property values to increase, lowering the amount the state was obligated to pay under current school finance formulas. The state also could receive more funds through increased applications for current driver's licenses.

CSHB 252 would increase compliance with existing laws with a practical solution, rather than simply ratcheting up a criminal penalty, and would not increase the information the government collected. The state already requires people to keep current the information on their driver's licenses, and the standardized homestead application distributed by the comptroller already requires applicants for a homestead exemption to list their driver's license, state-issued personal identification certificate, or Social Security number on applications for a homestead exemption.

**OPPONENTS
SAY:**

CSHB 252 would add more regulation to an already over-regulated and byzantine section of the law. Under Penal Code, sec. 37.10, it already is against the law to claim a property tax exemption on a property that is not a person's homestead. A person who intentionally claims a homestead the person is not eligible to receive is guilty of a state-jail felony (180 days to two years in a state jail and an optional fine of up to \$10,000).

NOTES:

The committee substitute differs from the bill as filed in that it would require the applicant to state that the applicant did not claim another homestead exemption on another residence either inside or outside of Texas.

During the 2009 regular session, a similar bill, HB 1337 by Hilderbran, was reported favorably by the Ways and Means Committee, but died in the Calendars Committee.