

- SUBJECT:** Providing for homestead exemptions by non-school taxing districts
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 8 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Parker, C. Turner
- 2 nays — Murphy, Springer
- 1 absent — Wray
- SENATE VOTE:** On final passage, May 5 — 31-0
- WITNESSES:** For — Erik Nelson, City of Austin; Deece Eckstein, Travis County Commissioners Court; (*Registered, but did not testify:* Dick Lavine, Center for Public Policy Priorities; Nancy Williams, City of Austin; Tom Tagliabue, City of Corpus Christi; Charles Reed, Dallas County Commissioners Court; Donna Warndof, Harris County; Mark Mendez, Tarrant County Commissioners Court; Daniel Gonzalez and Steven Garza, Texas Association of Realtors; Rick Thompson, Texas Association of Counties; Donald Lee, Texas Conference of Urban Counties; Monty Wynn, Texas Municipal League)
- Against — Dale Craymer, Texas Taxpayers and Research Association; (*Registered, but did not testify:* Julie Moore, Occidental Petroleum; Richard A. (Tony) Bennett, Texas Association of Manufacturers; Bill Hammond, Texas Association of Business; Ronnie Volkening, Texas Retailers Association; John W. Fainter, Jr., the Association of Electric Companies of Texas, Inc.; Daniel Womack, the Dow Chemical Company; James LeBas, Texas Chemical Council, AECT, TXOGA, Texas Association of Manufacturers)
- BACKGROUND:** Tex. Const., Art. 8, sec. 1-b(e) allows a political subdivision other than a county education district to establish a homestead exemption that exempts a percentage of the homestead's value from taxation.

DIGEST:

CSSB 279, if passed in conjunction with CSSJR 20, would entitle an individual to a homestead exemption created by a political subdivision other than a school district of a dollar amount of at least \$5,000 and less than or equal to 20 percent of the value of the average homestead in the district.

This bill, under the authority granted it by CSSJR 20, would prohibit a taxing unit that adopted a percentage-based homestead exemption for the 2014 tax year from reducing or repealing the exemption.

An individual could continue to receive a homestead exemption granted under certain authority given by existing law to a non-school district taxing entity if the current exemption exceeded the exemption established under the authority granted by CSSJR 20.

If CSSJR 20 was approved at an election, these provisions would take effect January 1, 2016, and would apply only to a tax year that began on or after that date.

SUPPORTERS
SAY:

CSSB 279, if passed in conjunction with CSSJR 20, would allow a non-school taxing district options in choosing to set homestead exemptions to provide tax relief. Current law allows only school districts to grant a flat-amount homestead exemption. Non-school taxing districts may set homestead exemptions only of a percentage of a homestead's value. However, this dissuades some from offering a homestead exemption entirely because a percentage-based homestead exemption can be so large that the local government surrenders an unsustainable amount of revenue. In some cases, a city is so small that a percentage-based exemption would offer little relief while costing a city more than it can afford.

This legislation would allow local governments to reduce property taxes while retaining the authority to pick what option works best for their specific jurisdiction. It would ensure that the homeowners received the maximum benefit, as they could keep their percentage exemption if it exceeded an exemption adopted under the authority of this bill. Homestead exemptions deliver tax relief directly to consumers and

families.

**OPPONENTS
SAY:**

CSSB 279, if passed in conjunction with CSSJR 20, would allow local governments to shift the burden from one group of taxpayers to another. Instead of giving tax relief to only one group of taxpayers, local entities should cut tax rates altogether.

NOTES:

CSSJR 20 by Watson, the joint resolution that would authorize the Legislature to implement the provisions in CSSB 279, appears on today's Constitutional Amendments Calendar.