

- SUBJECT:** Allowing a tax exemption for housing for individuals with disabilities
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 7 ayes — D. Bonnen, Bohac, Darby, E. Johnson, Murphy, Raymond, Shine  
4 nays — Y. Davis, Murr, Springer, Stephenson
- WITNESSES:** For — Kirk Coats, Daybreak Community Services/Unified Care Group; Jeff Engelke, Premieant, Inc.; Richard Hernandez, ResCare, Inc.; (*Registered, but did not testify*: Elise Gamez, Daybreak/Unified Care Group; Sandra Frizzell, Providers Alliance for Community Services of Texas)  
Against — (*Registered, but did not testify*: Joseph Green, Travis County Commissioners Court; CJ Grisham)  
On — (*Registered, but did not testify*: Sacha Jacobson)
- DIGEST:** HJR 52 would amend Art. 8 of the Texas Constitution to allow the Legislature to create a property tax exemption for property used to provide housing to individuals with disabilities. An exemption created under this authority would be equal to the costs the owner of the property incurred to maintain, operate, and make improvements to the property. The Legislature could establish eligibility requirements and provide the manner of determining the amount of the exemption.  
The ballot proposal would be presented to voters at an election on Tuesday, November 7, 2017. The proposal would read: “The constitutional amendment authorizing the legislature to exempt from ad valorem taxation a portion of the assessed value of certain real property used to provide housing to certain individuals with disabilities.”
- SUPPORTERS SAY:** By permitting the creation of this exemption, HJR 52 would help allow providers of housing for individuals with disabilities to reinvest funds

back into the maintenance and improvement of these homes, which would boost the market value of both the home itself and property in the surrounding community. These providers already operate on razor thin margins, and the tax burden affects their bottom line. Changes in valuation or increases in the tax rate can cause cuts in services. This bill would reduce the impact of property taxes on these providers, allowing them to do more of what they do best.

HJR 52 is necessary because current law essentially requires private providers of homes for individuals with disabilities to spend revenue derived from state Medicaid and federal matching dollars to pay property taxes. This makes tax dollars less efficient, as the revenue stream essentially goes straight back to the government. The state should not pass up this opportunity to improve economic efficiency even though providers of other services do not receive similar benefits.

While the state may not have the resources to begin offering this exemption during the current fiscal biennium, the Legislature should do what it can now to ensure the benefits are realized as soon as possible. The Legislature frequently creates obligations that do not begin until future biennia, and HJR 52 would be no exception to this practice.

**OPPONENTS  
SAY:**

The Legislature should not continue a pattern of giving carve-outs and exemptions to specific groups of people. Instead, it should focus its efforts on reducing the tax burden on everyone.

Also, HJR 52 is unnecessary because property taxes are just a cost of doing business. Providers of many sorts of services rely on Medicaid or other forms of state assistance for revenue, but they do not enjoy tax exemptions.

**OTHER  
OPPONENTS  
SAY:**

While the enabling legislation, HB 850 by Turner, would delay the cost to the state of offering the property tax exemption authorized by HJR 52, tight budgets now do not necessarily mean more money will be available in future sessions. The state should avoid obligating itself unnecessarily in the fiscal years to come.

NOTES: According to the Legislative Budget Board's (LBB's) fiscal note, HJR 52 would cost \$114,369 to publish the resolution.

The enabling legislation for HJR 52 is HB 850 by Turner. The LBB's fiscal note for HB 850 projects that the bill's tax exemptions would cost about \$4 million to the state through the school funding formulas in fiscal 2022. HB 850 passed the House on second reading May 6.