

SUBJECT: Authorizing local option homestead exemption for certain physicians

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,  
Murphy, Noble, Rodriguez, Shine

0 nays

1 absent — Sanford

WITNESSES: For — Carrie De Moor

Against — (*Registered, but did not testify*: Melissa Shannon, Bexar  
County Commissioners Court)

DIGEST: HB 457 would provide that certain licensed physicians were entitled to an exemption from county property taxation of up to 50 percent of the appraised value of the physician's residence homestead, if such exemption was adopted by the county commissioners court. To be eligible, a physician would have to provide health care services to qualifying county residents and not seek payment for those services from any source, including the Medicaid program or other state or federal programs. A qualifying county resident would mean a resident who was indigent or a Medicaid recipient.

The commissioners court would have to specify in the order adopting the exemption the number of qualifying county residents to whom a physician had to provide health care services during a tax year to be eligible for the exemption. This number could be expressed as a percentage of the physician's total practice.

The bill would require the commissioners court to submit to the chief appraiser a copy of the order adopting the exemption and any subsequent order related to the exemption. The chief appraiser could require a physician seeking the exemption to present additional information to

establish eligibility.

The commissioners court could repeal the exemption in the manner provided by law.

The bill would apply only to property taxes imposed for a tax year that began on or after the effective date.

The bill would take effect January 1, 2022, but only if the constitutional amendment proposed by this Legislature authorizing the local option property tax exemption for the residence homestead of physicians providing free health care for qualifying residents was approved by voters. If that amendment was not approved, the bill would have no effect.

**SUPPORTERS  
SAY:**

HB 457, along with the constitutional amendment provided by HJR 25, would improve access to health care and reduce costs to the state by creating a tool for counties to incentivize physicians to participate in indigent health care. Existing care programs are growing more costly and the number of physicians in indigent programs is declining as they become frustrated over the administration of Medicaid. These barriers have caused health care programs for low-income or indigent patients to struggle to meet demand.

The legislation would address this issue by allowing a county to adopt a residence homestead exemption for physicians who provided health care to indigent residents or Medicaid recipients free of charge. This exemption could ease the burden on government programs, reduce uncompensated care costs, and engage the private sector on a volunteer basis.

The residence homestead exemption would be optional, allowing counties to limit property taxation by up to 50 percent for eligible physicians if they determined it useful. The enabling legislation also would provide that counties could determine eligibility for the exemption, allowing localities to tailor the exemption to their own revenue and health care needs.

**CRITICS**

HB 457 and HJR 25 unnecessarily would create a residence homestead

**SAY:** exemption on property taxes for physicians providing health care to indigent residents and Medicaid recipients. Instead of carving out specific individuals from the tax base, limiting local revenues, the Legislature should expand Medicaid to provide effective health care to Texans.

**OTHER CRITICS SAY:** HB 457 and HJR 25 would provide another property tax exemption for a specialized group, while the Legislature should be working to lower the tax burden on all Texans. The legislation would continue a problematic trend that increases the burden on some homeowners by lowering it for others.

**NOTES:** HB 457 is the enabling legislation for HJR 25, which would amend the Texas Constitution to authorize a local option property tax exemption on the homestead residence of physicians providing free health care for qualifying residents. HJR 25 is on the Constitutional Amendments Calendar today.