

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: None

DIGEST: HJR 25 would amend the Texas Constitution to allow a county commissioners court to exempt from county property taxation up to 50 percent of the assessed value of the residence homestead of certain physicians. The exemption would be for a licensed physician who provided health care services for which they did not seek payment from any source, including Medicaid or other state or federal programs, to county residents who were indigent or Medicaid recipients.

This exemption would be in addition to any other residence homestead exemption provided by the Texas Constitution. The Legislature by general law could impose additional eligibility requirements for the exemption.

Where property tax had previously been pledged for debt payment, the commissioners court could continue to levy and collect the tax against the value of the exempted homesteads until the debt was discharged if the cessation of the levy would impair the obligation of the contract that created the debt.

The ballot proposal would be presented to voters at an election on November 2, 2021, and would read: "The constitutional amendment authorizing a local option exemption from ad valorem taxation by a county of a portion of the value of the residence homestead of a physician who provides health care services for which the physician agrees not to

seek payment from any source, including the Medicaid program or otherwise from this state or the federal government, to county residents who are indigent or who are Medicaid recipients."

**SUPPORTERS
SAY:**

HJR 25 and its enabling legislation, HB 457, 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
SAY:**

HJR 25 and HB 457 unnecessarily would create a residence homestead 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:**

HJR 25 and HB 457 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 by Shaheen, the enabling legislation for HJR 25, is set for second-reading consideration today.

According to the fiscal note, the proposed constitutional amendment, if approved by the voters, would create a cost to counties that chose to grant the partial residence homestead exemption. However, the number of counties that would grant the exemption, the number of physicians who would qualify, and the amount of property value that would be exempted are unknown so the cost cannot be estimated.

The cost to the state for publication of the resolution is \$178,333.