

SUBJECT: Allowing senior citizens to perform services in lieu of property taxes

COMMITTEE: Public Education — favorable, without amendment

VOTE: 7 ayes — Sadler, Dunnam, Grusendorf, Hochberg, Lengefeld, Olivo, Smith

0 nays

2 present, not voting — Dutton, Oliveira

WITNESSES: None

DIGEST: HB 51 would amend the Tax Code to allow the governing body of a taxing unit to permit a person at least 65 years old to perform services for the taxing unit in lieu of paying property taxes imposed on the individual's homestead. For each hour of service performed, the property owner would receive a credit toward the tax bill equal to the hourly federal minimum wage (now \$5.15). The governing body of the taxing unit would have to specify the maximum number of people allowed to participate in the program and the maximum number of hours each person could perform in lieu of paying taxes.

Any property owner performing such services would have to sign a contract with the taxing unit specifying the nature of the service, when and where it would be performed, and the number of hours to be performed. The contract would have to be executed before the taxes became delinquent. Taxes for which the property owner received credit within the contract period would not become delinquent so long as the services were performed.

The property owner performing services would not be an employee of the taxing unit nor entitled to any benefit, including workers' compensation coverage, provided to employees. Persons performing services could not receive indemnification from the taxing unit for personal injury or property damage the person sustained or liability the person incurred in performing the services. A taxing unit could not reduce the number of employees employed or the number of hours they performed because the taxing unit allowed the property owner to perform the services.

School district tax revenues used in calculating the enrichment and facilities tax rate for purposes of the school funding formula would have to include the value of services performed in lieu of property taxes.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS
SAY:**

HB 51 would create a completely voluntary program that would allow senior citizens to pay part of their taxes by providing services to taxing units, particularly school districts. This type of program would be a creative way to provide additional help for districts. It also would enable senior citizens who want to share their knowledge and experience with school children to do so while reducing their tax bills at the same time. The purpose of this bill is not to allow people to pay off their taxes with work but to encourage persons on fixed incomes to provide services to school districts by giving them something back in exchange for their services.

This program would not be expanded to allow districts or other taxing units to force persons to work to pay their tax bills. Adequate remedies exist in current law to deal with delinquent taxes. This bill would allow districts to experiment with new ideas, entirely on a voluntary basis, by which districts could supplement current staff to fill needed roles when volunteers were not available.

The bill would restrict workers' compensation coverage and liability coverage to protect the district and the taxing unit from incurring additional costs to implement this program. Similarly, adding the value of the services provided by seniors to the calculation of the enrichment and facilities tax rate would protect school districts from being penalized in the school funding formula for forgoing direct tax payments.

HB 51 would be limited to senior citizens because they have the time and opportunity to provide these services. They are also a large untapped human resource whom districts would enjoy having provide services at schools.

**OPPONENTS
SAY:**

While this program may be totally voluntary now, it conjures up the specter of indentured servitude in which persons are forced to work off their debts. The lack of any benefits, including workers' compensation or personal injury benefits, could make it very unlikely that any senior citizens would be willing

to perform these services. The senior citizens who would be most likely to attempt such a program are poor and might not be able to afford to pay for any liability incurred or injuries sustained while working for a school district.

Many parents already volunteer thousands of hours of their time to help out at their children's schools. It would be unfair to pay older people for work that parent volunteers have been performing for so long without any thought of compensation.

**OTHER
OPPONENTS
SAY:**

Senior citizens are not the only people who might want to work off their tax bills. Many people who are not over 65 might have the time to work off their tax bills but not the money to pay them off at one time.

NOTES:

A related bill, HB 2117 by Nixon, which would allow a district to permit persons to provide teaching services in lieu of paying property taxes, was reported favorably as substituted by the House Public Education Committee on April 29.

A similar bill, HB 41 by McCall, passed the House in 1997, but died in the Senate Finance Committee.