

BILL ANALYSIS

Senate Research Center
79S30603 JD-D

S.B. 17
By: Barrientos
Finance
4/21/2006
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Property values are increasing rapidly in many areas of the state. Proposals to reduce the existing statutory cap on the percentage increase in appraisal value of a residence homestead can have a disproportionate benefit to certain property owners. The Texas Constitution currently provides for a minimum \$5,000 homestead exemption on the value of a residence homestead for local option ad valorem taxation. As proposed, S.B. 17 raises the local option homestead exemption to \$15,000 to provide local political subdivisions of the state an alternative means by which to provide property tax relief.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.13, Tax Code, by amending Subsection (n) and adding Subsection (n-1), as follows:

(n) Entitles an individual, in addition to any other exemptions provided by this section, to an exemption from taxation by a taxing unit of a percentage of the appraised value of the individual's, rather than his, residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. Entitles the individual to an exemption of \$15,000, rather than \$5,000, of the appraised value if the percentage set by the taxing unit produces an exemption in a tax year of less than \$15,000, rather than \$5,000, when applied to a particular residence homestead. Prohibits the percentage adopted by the taxing unit from exceeding 20 percent.

(n-1) Provides that if the governing body of a taxing unit adopted the exemption under that subsection before January 1, 2007, until the exemption is subsequently changed by the governing body, the exemption continues in effect at the greater of certain amounts, notwithstanding Subsection (n).

SECTION 2. Effective date: January 1, 2007, contingent upon the approval by the voters of the constitutional amendment relating to increasing the minimum amount of the local option residence homestead exemption from ad valorem taxation by a political subdivision. Makes application of this Act prospective.