

SUBJECT: Extending 65-and-over homestead tax exemption for surviving spouse

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 8 ayes — Craddick, Wolens, Heflin, Horn, Marchant, Oliveira, Place, Romo

0 nays

3 absent — Finnell, Holzheuser, T. Hunter

WITNESSES: For — Leonard Spearman, for Harris County Judge Robert Eckels; Alice J. Bixby; George H. Moff

Against — None

On — Dan Wilson, Comptroller’s Office, Property Tax Division; Jim Robinson

BACKGROUND: Texas Constitution Art. 8, sec. 2(a), prohibits all but specified exemptions from property (ad valorem) taxes; the Constitution must be amended to authorize any such exemptions. Current exemptions include:

- A property tax exemption of at least \$3,000 of the market value of a residence homestead is required by sec. 1-b(a).
- Taxing authorities are authorized by sec. 1-b(b) to grant another exemption of at least \$3,000 of the value of the homestead of a person age 65 and older.
- An exemption on \$5,000 in value from *school taxes* on homesteads is granted in sec. 1-b(c), which also allows the Legislature to implement further exemptions from school taxes for the disabled and those age 65 and over.

In addition, homestead school taxes are frozen when the homeowner turns age 65 (sec.1-b(d)). The freeze continues during ownership of the home by a surviving spouse age 55 or older.

Various exemptions granted by a taxing district are subtracted from the market value of a homestead before imposing a tax, so that, for instance, a \$125,000 home with \$100,000 in exemptions would be taxed on \$25,000, with a tax imposed on each \$100 in value.

DIGEST: CSHJR 64 proposes a constitutional amendment allowing a person who is age 55 or older and is the surviving spouse of a person who received the sec. 1-b(b) property tax exemption for those age 65 and over to receive an equal exemption for the same property.

The death of the deceased spouse would have to have occurred in a year in which the deceased spouse received the exemption and the property would have to remain the residence homestead of the surviving spouse for the exemption to apply. A person with a 65-and-over exemption could not also receive a surviving spouse exemption.

CSHJR 64 would be submitted to voters in the November 7, 1995 election. The ballot proposal would read: "The constitutional amendment exempting from ad valorem taxation the residence homestead of the surviving spouse of an elderly person."

**SUPPORTERS/
OPPONENTS
SAY:** See analysis of CSHB 1127.

NOTES: CSHB 1127 by Hamric, also on today's calendar, would implement the provisions of CSHJR 64.