



P.O. BOX 12068
 CAPITOL BUILDING
 AUSTIN, TEXAS 78711
 512/463-0112
 FAX: 512/463-0923

DISTRICT OFFICE
 1235 S. MAIN STREET, SUITE 280
 GRAPEVINE, TEXAS 76051
 817/424-3446
 FAX: 817/488-6648

E-MAIL: jane.nelson@senate.state.tx.us

The Senate of the State of Texas

Jane Nelson
 Senate District 12

December 15, 2015

Committees:
 FINANCE, CHAIR
 SUNSET ADVISORY COMMISSION, CHAIR
 LEGISLATIVE AUDIT COMMITTEE
 LEGISLATIVE BUDGET BOARD
 STATE AFFAIRS

RECEIVED

DEC 15 2015

OPINION COMMITTEE

RQ-0082-KP

FILE # ML-47902-15

I.D. # 47902

The Honorable Ken Paxton
 Attorney General of Texas
 Attention Opinion Committee
 P.O. Box 12548
 Austin, TX 78711-2548

Dear General Paxton:

I am writing to request your formal opinion on questions related to the local option homestead exemption.

The Legislature passed Senate Bill 1 (84R), and the voters approved the related Proposition 1, increasing the homestead exemption for school district taxes. In addition, Senate Bill 1 prohibits school districts, municipalities, and counties from reducing or repealing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Legislature clearly intended that no taxpayers may have their local option homestead exemption reduced or eliminated from the 2014 tax year amount through the 2019 tax year.

On September 9, 2015, First Assistant Attorney General Charles E. Roy sent a letter to Comptroller Hegar stating that a local government may not repeal or reduce a local option homestead exemption from the level it was in tax year 2014 through tax year 2019 and any repeal or reduction in the local option homestead exemption has no effect. This interpretation is consistent with the intent of Senate Bill 1.

However, in order to provide clear guidance to local governments and taxpayers, I respectfully request your formal opinion on whether a school district, municipality, and county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. Please do not hesitate to contact me or my office if I can provide further information.

Very truly yours,

Senator Jane Nelson



September 9, 2015

The Honorable Glenn Hegar
Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Dear Comptroller Hegar:

We write to confirm our understanding of the impact of Senate Bill 1 and Proposition 1 on local option homestead exemptions. As you are aware, an individual is generally entitled to a homestead exemption from taxation by school districts of \$15,000 of the appraised value of the homestead. TEX. TAX CODE § 11.13(b). Senate Bill 1 raises this homestead exemption from taxation by school districts to \$25,000, contingent upon passage of Proposition 1. Senate Bill 1, § 1, sec. 11.13(b). In addition, an individual is entitled to a local option homestead exemption, between \$5,000 and not to exceed twenty percent of the appraised value of the homestead, if the governing body of a taxing district adopts a local option homestead exemption prior to July 1. TEX. TAX CODE § 11.13(n). Senate Bill 1 provides that a local government that adopted a local option homestead exemption "for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019." Senate Bill 1, § 1, sec. 11.13(n-1). That provision is only effective if the voters approve Proposition 1. *Id.* § 27(a).

The question is whether any change to the local option homestead exemption in the 2015 tax year would be effective if Proposition 1 passes. In other words, if a local government abolished or reduced its optional homestead exemption in the 2015 tax year and Proposition 1 passes, would there still be a local option homestead exemption? The express terms of Senate Bill 1 ensure that, if Proposition 1 passes, the local option homestead exemption will remain at the level it was in tax year 2014 until the end of the 2019 tax year. Therefore, if a local government abolishes or reduces its optional homestead exemption in tax year 2015 and Proposition 1 passes, the abolishment or reduction of the optional homestead exemption would have no effect.

Very truly yours,

A handwritten signature in black ink, appearing to read "CER", is written over the typed name.

Charles E. Roy
First Assistant Attorney General