

PEOPLE'S PROPERTY TAX EDUCATION GROUP
STATE OF TEXAS, TRAVIS COUNTY
PROPOSED LEGISLATION

PROPOSED LEGISLATIVE BILL SHORT TITLE

Property tax abatement for low-income senior citizens in Texas to promote their independence, self-sufficiency, and longevity in their homes.

PROPOSAL

Freeze all **property taxes for all tax entities on residential homesteads** when the property owner reaches age 65 and **only if** the appraised value of their residential homestead is **at or below the median appraised value** within each Texas county.

PROPERTY TAX IMPLICATIONS

This proposal expands a property tax freeze for all property taxes from all taxing entities not just the tax from the affected school district. Affects Texas Property Tax Code (TPTC) §11.13, §11.26, §11.261, and/or other sections.

WHY CHANGE IS NEEDED

- **Home ownership** is part of the American Dream, a source of tax revenues, and should be preserved to **allow senior citizens to live in the community as long as they can**; this is a **cheaper alternative to seniors living** in assisted living or other **institutional settings**. Furthermore, gerontological studies have long supported the notion that senior citizens' overall health and well being is enhanced when they remain in familiar surroundings, such as their homes, for as long as possible—the preferable alternative. This proposed legislation is **especially critical for households that have lost the male head of household**, who tends to be the “handy man” that helps to maintain the physical structure of homes. This proposal is also consistent with the Texas Health and Human Services Strategic Plan and contributes to creation of an opportunity that leads to greater self-sufficiency and independence for senior citizen homeowners in Texas.
- This introduces a new paradigm to the property tax system, which has been made available because of **database computer technology, computerization of tax records**, and enhanced ability for appraisal districts to generate tax record statistics and reports.
- This paradigm presumes that homestead purchases serve as a “**means test**” **since one buys in accordance with one's household income** as administered by financial institutions.
- This proposed legislation also addresses current issues such as the **wealth gap between the wealthy and working poor** and is **consistent with the Texas legislative intents to contain institutionalization costs**.
- A premise is that **appraised values of residential homesteads and associated property taxes to be paid increase at a higher rate than earned incomes** or household revenues of senior citizens, especially for working class or low income senior citizens who are homeowners.
- The proposed TPTC change(s) have **minimal revenue implications** for each county since it **targets lower priced residential properties and only those owned and occupied by persons over 65**; i.e., residential homesteads (with Homestead and Over 65 Exemptions) **at or below the median appraised value** within each county.

- The proposed TPTC changes are not intended to change or affect higher priced residential homesteads, which are **above the median appraised value** within each Texas county and **does not change the Homestead or Over 65 Exemptions** as currently reflected in the TPTC, which still provides some tax relief for senior citizens in those residential homesteads with appraised values higher than median appraised values.
- The proposed change in the TPTC helps to contain tax increases for a segment of lower income residential homestead owners and may **contribute to local economies** by allowing these homeowners to maintain their properties derived from the tax savings; i.e., promote pride in home ownership.
- The proposed change in the TPTC **ties taxes with free market variables** (namely, home sales prices) through time and associated annual adjustments in appraised residential homestead median values. However, to help stabilize the anticipated fluctuations in median homestead appraised values, appraisal districts could **set median appraised values** every two years, and the TPTC should reflect the same.
- The proposed revision to the TPTC is intended to **alleviate the possibility of low-income senior citizens being taxed out of their homes** caused by rising residential sale prices and gentrification.

ACTION NEEDED

- Sponsor for this proposed Bill by a Texas Legislator
- Legislation that revises the Texas Property Tax Code (TPTC §11.13, §11.26, §11.261, and/or other sections) as needed to provide additional tax relief to senior citizens in lower income brackets while tying taxes to real estate market changes and appraised median values of residential homesteads through time.

ASSOCIATED SUPPORT FOR THIS PROPOSED CHANGE

- Health and Human Services System Strategic Plan 2013–2017, Volume 1, Texas Health and Human Services System
- Texas Governor's Committee on People with Disabilities, Policy Recommendations for the 2013–2015 Biennium, 83rd Legislative Session: January 2013, In fulfillment of the Texas Human Resources Code Section 115.009(3).
- Interim Report to the 83rd Texas Legislature, Joint Committee on Aging, January 2013.
- Texas State Plan on Aging 2010–2013, Texas Governor and Texas Department of Aging and Disabilities Services, July 1, 2010.
- The American Association of Retired Persons' (AARP) current priority and 83rd Texas Legislative advocacy initiatives are directed at addressing the need to keep seniors living independently in the community as long as possible.

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