BILL ANALYSIS

C.S.H.B. 837
By: Hilderbran
Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law allows for prorated ad valorem taxes on residence homesteads of persons over 65 years of age when property loses its exempt status during the year, such as when an over 65 person moves to another county. The amount of tax assessed is based on a percentage, which is based on the number of days in the year that the property did not qualify for the exemption. Until 1997, §26.10 specifically excepted residence homestead exemptions. But, in the 75th Legislative Session §26.10(b) of the Tax Code was enacted, which provided for the pro-rated tax to apply to residential homesteads owned by persons over 65 years of age whose exemptions terminated during the year.

The purpose of the CSHB 837 is to delete the requirements in §26.10(b) that taxing units must assess the pro-rated tax to persons who are over 65 and who lose their residential homestead tax exemptions. There were several other amendments to the Tax Code which were enacted in the 75th Legislative Session that referred to the over-65 residential homestead pro-rated tax which were removed in the 76th Session, but §26.10(b) was not contemplated for change.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

CSHB 837 repeals section 26.10(b) of the Tax Code, which provides for prorated ad valorem taxes on residence homesteads of persons over 65 years of age when the property loses its exempt status during the year.

CSHB 837 also amends Section 11.13 of the Tax Code to add Subsection (s), which would allow a person over 65 years of age to claim a residence homestead exemption for more than one residence homestead in the same year as long as the exemption is not claimed at the same time.

EFFECTIVE DATE

January 1, 2004

COMPARISON OF ORIGINAL TO SUBSTITUTE

Section 1: Subsection (h) is removed from the original bill. The language in Subsection (s) is expanded to say that a person receiving an exemption authorized by Subsection (c) or (d), and subsequently establishing a different residence homestead during the same year, may not qualify for an exemption on the subsequent homestead under Subsection (c) or (d) before January 1 of the following tax year.