

AN ACT

relating to limiting the amount of county, municipal, or junior college district ad valorem taxes that may be imposed on the residence homesteads of the disabled and of the elderly and their surviving spouses.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.261 to read as follows:

Sec. 11.261. LIMITATION OF COUNTY, MUNICIPAL, OR JUNIOR COLLEGE DISTRICT TAX ON HOMESTEADS OF DISABLED AND ELDERLY. (a) This section applies only to a county, municipality, or junior college district that has established a limitation on the total amount of taxes that may be imposed by the county, municipality, or junior college district on the residence homestead of a disabled individual or an individual 65 years of age or older under Section 1-b(h), Article VIII, Texas Constitution.

(b) The tax officials shall appraise the property to which the limitation applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation provided by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. The county, municipality, or junior college district may not increase the total annual amount of ad valorem taxes the county, municipality, or junior college district imposes on the residence homestead of a

1 disabled individual or an individual 65 years of age or older above
2 the amount of the taxes the county, municipality, or junior college
3 district imposed on the residence homestead in the first tax year,
4 other than a tax year preceding the tax year in which the county,
5 municipality, or junior college district established the
6 limitation described by Subsection (a), in which the individual
7 qualified that residence homestead for the exemption provided by
8 Section 11.13(c) for a disabled individual or an individual 65
9 years of age or older. If the individual qualified that residence
10 homestead for the exemption after the beginning of that first year
11 and the residence homestead remains eligible for the exemption for
12 the next year, and if the county, municipal, or junior college
13 district taxes imposed on the residence homestead in the next year
14 are less than the amount of taxes imposed in that first year, a
15 county, municipality, or junior college district may not
16 subsequently increase the total annual amount of ad valorem taxes
17 it imposes on the residence homestead above the amount it imposed on
18 the residence homestead in the year immediately following the first
19 year, other than a tax year preceding the tax year in which the
20 county, municipality, or junior college district established the
21 limitation described by Subsection (a), for which the individual
22 qualified that residence homestead for the exemption.

23 (c) If an individual makes improvements to the individual's
24 residence homestead, other than repairs and other than improvements
25 required to comply with governmental requirements, the county,
26 municipality, or junior college district may increase the amount of
27 taxes on the homestead in the first year the value of the homestead

1 is increased on the appraisal roll because of the enhancement of
2 value by the improvements. The amount of the tax increase is
3 determined by applying the current tax rate to the difference
4 between the appraised value of the homestead with the improvements
5 and the appraised value it would have had without the improvements.
6 A limitation provided by this section then applies to the increased
7 amount of county, municipal, or junior college district taxes on
8 the residence homestead until more improvements, if any, are made.

9 (d) A limitation on county, municipal, or junior college
10 district tax increases provided by this section expires if on
11 January 1:

12 (1) none of the owners of the structure who qualify for
13 the exemption provided by Section 11.13(c) for a disabled
14 individual or an individual 65 years of age or older and who owned
15 the structure when the limitation provided by this section first
16 took effect is using the structure as a residence homestead; or

17 (2) none of the owners of the structure qualifies for
18 the exemption provided by Section 11.13(c) for a disabled
19 individual or an individual 65 years of age or older.

20 (e) If the appraisal roll provides for taxation of appraised
21 value for a prior year because a residence homestead exemption for
22 disabled individuals or individuals 65 years of age or older was
23 erroneously allowed, the tax assessor for the applicable county,
24 municipality, or junior college district shall add, as back taxes
25 due as provided by Section 26.09(d), the positive difference, if
26 any, between the tax that should have been imposed for that year and
27 the tax that was imposed because of the provisions of this section.

1 (f) A limitation on tax increases provided by this section
2 does not expire because the owner of an interest in the structure
3 conveys the interest to a qualifying trust as defined by Section
4 11.13(j) if the owner or the owner's spouse is a trustor of the
5 trust and is entitled to occupy the structure.

6 (g) Except as provided by Subsection (c), if an individual
7 who receives a limitation on county, municipal, or junior college
8 district tax increases provided by this section subsequently
9 qualifies a different residence homestead in the same county,
10 municipality, or junior college district for an exemption under
11 Section 11.13, the county, municipality, or junior college district
12 may not impose ad valorem taxes on the subsequently qualified
13 homestead in a year in an amount that exceeds the amount of taxes
14 the county, municipality, or junior college district would have
15 imposed on the subsequently qualified homestead in the first year
16 in which the individual receives that exemption for the
17 subsequently qualified homestead had the limitation on tax
18 increases provided by this section not been in effect, multiplied
19 by a fraction the numerator of which is the total amount of taxes
20 the county, municipality, or junior college district imposed on the
21 former homestead in the last year in which the individual received
22 that exemption for the former homestead and the denominator of
23 which is the total amount of taxes the county, municipality, or
24 junior college district would have imposed on the former homestead
25 in the last year in which the individual received that exemption for
26 the former homestead had the limitation on tax increases provided
27 by this section not been in effect.

1 (h) An individual who receives a limitation on county,
2 municipal, or junior college district tax increases under this
3 section and who subsequently qualifies a different residence
4 homestead in the same county, municipality, or junior college
5 district for an exemption under Section 11.13, or an agent of the
6 individual, is entitled to receive from the chief appraiser of the
7 appraisal district in which the former homestead was located a
8 written certificate providing the information necessary to
9 determine whether the individual may qualify for a limitation on
10 the subsequently qualified homestead under Subsection (g) and to
11 calculate the amount of taxes the county, municipality, or junior
12 college district may impose on the subsequently qualified
13 homestead.

14 (i) If an individual who qualifies for a limitation on
15 county, municipal, or junior college district tax increases under
16 this section dies, the surviving spouse of the individual is
17 entitled to the limitation on taxes imposed by the county,
18 municipality, or junior college district on the residence homestead
19 of the individual if:

20 (1) the surviving spouse is disabled or is 55 years of
21 age or older when the individual dies; and

22 (2) the residence homestead of the individual:

23 (A) is the residence homestead of the surviving
24 spouse on the date that the individual dies; and

25 (B) remains the residence homestead of the
26 surviving spouse.

27 (j) If an individual who is 65 years of age or older and

1 qualifies for a limitation on county, municipal, or junior college
2 district tax increases for the elderly under this section dies in
3 the first year in which the individual qualified for the limitation
4 and the individual first qualified for the limitation after the
5 beginning of that year, except as provided by Subsection (k), the
6 amount to which the surviving spouse's county, municipal, or junior
7 college district taxes are limited under Subsection (i) is the
8 amount of taxes imposed by the county, municipality, or junior
9 college district, as applicable, on the residence homestead in that
10 year determined as if the individual qualifying for the exemption
11 had lived for the entire year.

12 (k) If in the first tax year after the year in which an
13 individual who is 65 years of age or older dies under the
14 circumstances described by Subsection (j) the amount of taxes
15 imposed by a county, municipality, or junior college district on
16 the residence homestead of the surviving spouse is less than the
17 amount of taxes imposed by the county, municipality, or junior
18 college district in the preceding year as limited by Subsection
19 (j), in a subsequent tax year the surviving spouse's taxes imposed
20 by the county, municipality, or junior college district on that
21 residence homestead are limited to the amount of taxes imposed by
22 the county, municipality, or junior college district in that first
23 tax year after the year in which the individual dies.

24 SECTION 2. Sections 23.19(b) and (g), Tax Code, are amended
25 to read as follows:

26 (b) If an appraisal district receives a written request for
27 the appraisal of real property and improvements of a cooperative

1 housing corporation according to the separate interests of the
2 corporation's stockholders, the chief appraiser shall separately
3 appraise the interests described by Subsection (d) [~~of this~~
4 ~~section~~] if the conditions required by Subsections (e) and (f) [~~of~~
5 ~~this section~~] have been met. Separate appraisal under this section
6 is for the purposes of administration of tax exemptions,
7 determination of applicable limitations of taxes under Section
8 11.26 or 11.261 [~~of this code~~], and apportionment by a cooperative
9 housing corporation of property taxes among its stockholders but is
10 not the basis for determining value on which a tax is imposed under
11 this title. A stockholder whose interest is separately appraised
12 under this section may protest and appeal the appraised value in the
13 manner provided by this title for protest and appeal of the
14 appraised value of other property.

15 (g) A tax bill or a separate statement accompanying the tax
16 bill to a cooperative housing corporation for which interests of
17 stockholders are separately appraised under this section must
18 state, in addition to the information required by Section 31.01 [~~of~~
19 ~~this code~~], the appraised value and taxable value of each interest
20 separately appraised. Each exemption claimed as provided by this
21 title by a person entitled to the exemption shall also be deducted
22 from the total appraised value of the property of the corporation.
23 The total tax imposed by a school district, county, municipality,
24 or junior college district shall be reduced by any amount that
25 represents an increase in taxes attributable to separately
26 appraised interests of the real property and improvements that are
27 subject to the limitation of taxes prescribed by Section 11.26 or

1 11.261 [~~of this code~~]. The corporation shall apportion among its
2 stockholders liability for reimbursing the corporation for
3 property taxes according to the relative taxable values of their
4 interests.

5 SECTION 3. Sections 26.012(6), (13), and (14), Tax Code,
6 are amended to read as follows:

7 (6) "Current total value" means the total taxable
8 value of property listed on the appraisal roll for the current year,
9 including all appraisal roll supplements and corrections as of the
10 date of the calculation, less the taxable value of property
11 exempted for the current tax year for the first time under Section
12 11.31, except that:

13 (A) the current total value for a school district
14 excludes:

15 (i) [~~(A)~~] the total value of homesteads
16 that qualify for a tax limitation as provided by Section 11.26; and

17 (ii) [~~(B)~~] new property value of property
18 that is subject to an agreement entered into under Chapter 313; and

19 (B) the current total value for a county,
20 municipality, or junior college district excludes the total value
21 of homesteads that qualify for a tax limitation provided by Section
22 11.261.

23 (13) "Last year's levy" means the total of:

24 (A) the amount of taxes that would be generated
25 by multiplying the total tax rate adopted by the governing body in
26 the preceding year by the total taxable value of property on the
27 appraisal roll for the preceding year, including:

1 (i) taxable value that was reduced in an
2 appeal under Chapter 42; and

3 (ii) all appraisal roll supplements and
4 corrections other than corrections made pursuant to Section
5 25.25(d), as of the date of the calculation, except that last year's
6 taxable value for a school district excludes the total value of
7 homesteads that qualified for a tax limitation as provided by
8 Section 11.26 and last year's taxable value for a county,
9 municipality, or junior college district excludes the total value
10 of homesteads that qualified for a tax limitation as provided by
11 Section 11.261; and

12 (B) the amount of taxes refunded by the taxing
13 unit in the preceding year for tax years before that year.

14 (14) "Last year's total value" means the total taxable
15 value of property listed on the appraisal roll for the preceding
16 year, including all appraisal roll supplements and corrections,
17 other than corrections made pursuant to Section 25.25(d) [~~of this~~
18 ~~code~~], as of the date of the calculation, except that:

19 (A) last year's taxable value for a school
20 district excludes the total value of homesteads that qualified for
21 a tax limitation as provided by Section 11.26; and

22 (B) last year's taxable value for a county,
23 municipality, or junior college district excludes the total value
24 of homesteads that qualified for a tax limitation as provided by
25 Section 11.261 [~~of this code~~].

26 SECTION 4. This Act takes effect January 1, 2004, and
27 applies only to ad valorem taxes imposed on or after that date, but

1 only if the constitutional amendment to permit a county,
2 municipality, or junior college district to establish an ad valorem
3 tax freeze on residence homesteads of the disabled and of the
4 elderly and their spouses is approved by the voters. If that
5 amendment is not approved by the voters, this Act has no effect.

President of the Senate

Speaker of the House

I certify that H.B. No. 136 was passed by the House on May 5, 2003, by the following vote: Yeas 138, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 136 was passed by the Senate on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor