

1-1 By: Brown of Brazos, et al. (Senate Sponsor - Nelson) H.B. No. 136
1-2 (In the Senate - Received from the House May 6, 2003;
1-3 May 8, 2003, read first time and referred to Committee on Finance;
1-4 May 23, 2003, reported favorably by the following vote: Yeas 13,
1-5 Nays 0; May 23, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to limiting the amount of county, municipal, or junior
1-9 college district ad valorem taxes that may be imposed on the
1-10 residence homesteads of the disabled and of the elderly and their
1-11 surviving spouses.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
1-14 adding Section 11.261 to read as follows:

1-15 Sec. 11.261. LIMITATION OF COUNTY, MUNICIPAL, OR JUNIOR
1-16 COLLEGE DISTRICT TAX ON HOMESTEADS OF DISABLED AND ELDERLY. (a)
1-17 This section applies only to a county, municipality, or junior
1-18 college district that has established a limitation on the total
1-19 amount of taxes that may be imposed by the county, municipality, or
1-20 junior college district on the residence homestead of a disabled
1-21 individual or an individual 65 years of age or older under Section
1-22 1-b(h), Article VIII, Texas Constitution.

1-23 (b) The tax officials shall appraise the property to which
1-24 the limitation applies and calculate taxes as on other property,
1-25 but if the tax so calculated exceeds the limitation provided by this
1-26 section, the tax imposed is the amount of the tax as limited by this
1-27 section, except as otherwise provided by this section. The county,
1-28 municipality, or junior college district may not increase the total
1-29 annual amount of ad valorem taxes the county, municipality, or
1-30 junior college district imposes on the residence homestead of a
1-31 disabled individual or an individual 65 years of age or older above
1-32 the amount of the taxes the county, municipality, or junior college
1-33 district imposed on the residence homestead in the first tax year,
1-34 other than a tax year preceding the tax year in which the county,
1-35 municipality, or junior college district established the
1-36 limitation described by Subsection (a), in which the individual
1-37 qualified that residence homestead for the exemption provided by
1-38 Section 11.13(c) for a disabled individual or an individual 65
1-39 years of age or older. If the individual qualified that residence
1-40 homestead for the exemption after the beginning of that first year
1-41 and the residence homestead remains eligible for the exemption for
1-42 the next year, and if the county, municipal, or junior college
1-43 district taxes imposed on the residence homestead in the next year
1-44 are less than the amount of taxes imposed in that first year, a
1-45 county, municipality, or junior college district may not
1-46 subsequently increase the total annual amount of ad valorem taxes
1-47 it imposes on the residence homestead above the amount it imposed on
1-48 the residence homestead in the year immediately following the first
1-49 year, other than a tax year preceding the tax year in which the
1-50 county, municipality, or junior college district established the
1-51 limitation described by Subsection (a), for which the individual
1-52 qualified that residence homestead for the exemption.

1-53 (c) If an individual makes improvements to the individual's
1-54 residence homestead, other than repairs and other than improvements
1-55 required to comply with governmental requirements, the county,
1-56 municipality, or junior college district may increase the amount of
1-57 taxes on the homestead in the first year the value of the homestead
1-58 is increased on the appraisal roll because of the enhancement of
1-59 value by the improvements. The amount of the tax increase is
1-60 determined by applying the current tax rate to the difference
1-61 between the appraised value of the homestead with the improvements
1-62 and the appraised value it would have had without the improvements.
1-63 A limitation provided by this section then applies to the increased
1-64 amount of county, municipal, or junior college district taxes on

2-1 the residence homestead until more improvements, if any, are made.

2-2 (d) A limitation on county, municipal, or junior college
 2-3 district tax increases provided by this section expires if on
 2-4 January 1:

2-5 (1) none of the owners of the structure who qualify for
 2-6 the exemption provided by Section 11.13(c) for a disabled
 2-7 individual or an individual 65 years of age or older and who owned
 2-8 the structure when the limitation provided by this section first
 2-9 took effect is using the structure as a residence homestead; or

2-10 (2) none of the owners of the structure qualifies for
 2-11 the exemption provided by Section 11.13(c) for a disabled
 2-12 individual or an individual 65 years of age or older.

2-13 (e) If the appraisal roll provides for taxation of appraised
 2-14 value for a prior year because a residence homestead exemption for
 2-15 disabled individuals or individuals 65 years of age or older was
 2-16 erroneously allowed, the tax assessor for the applicable county,
 2-17 municipality, or junior college district shall add, as back taxes
 2-18 due as provided by Section 26.09(d), the positive difference, if
 2-19 any, between the tax that should have been imposed for that year and
 2-20 the tax that was imposed because of the provisions of this section.

2-21 (f) A limitation on tax increases provided by this section
 2-22 does not expire because the owner of an interest in the structure
 2-23 conveys the interest to a qualifying trust as defined by Section
 2-24 11.13(j) if the owner or the owner's spouse is a trustor of the
 2-25 trust and is entitled to occupy the structure.

2-26 (g) Except as provided by Subsection (c), if an individual
 2-27 who receives a limitation on county, municipal, or junior college
 2-28 district tax increases provided by this section subsequently
 2-29 qualifies a different residence homestead in the same county,
 2-30 municipality, or junior college district for an exemption under
 2-31 Section 11.13, the county, municipality, or junior college district
 2-32 may not impose ad valorem taxes on the subsequently qualified
 2-33 homestead in a year in an amount that exceeds the amount of taxes
 2-34 the county, municipality, or junior college district would have
 2-35 imposed on the subsequently qualified homestead in the first year
 2-36 in which the individual receives that exemption for the
 2-37 subsequently qualified homestead had the limitation on tax
 2-38 increases provided by this section not been in effect, multiplied
 2-39 by a fraction the numerator of which is the total amount of taxes
 2-40 the county, municipality, or junior college district imposed on the
 2-41 former homestead in the last year in which the individual received
 2-42 that exemption for the former homestead and the denominator of
 2-43 which is the total amount of taxes the county, municipality, or
 2-44 junior college district would have imposed on the former homestead
 2-45 in the last year in which the individual received that exemption for
 2-46 the former homestead had the limitation on tax increases provided
 2-47 by this section not been in effect.

2-48 (h) An individual who receives a limitation on county,
 2-49 municipal, or junior college district tax increases under this
 2-50 section and who subsequently qualifies a different residence
 2-51 homestead in the same county, municipality, or junior college
 2-52 district for an exemption under Section 11.13, or an agent of the
 2-53 individual, is entitled to receive from the chief appraiser of the
 2-54 appraisal district in which the former homestead was located a
 2-55 written certificate providing the information necessary to
 2-56 determine whether the individual may qualify for a limitation on
 2-57 the subsequently qualified homestead under Subsection (g) and to
 2-58 calculate the amount of taxes the county, municipality, or junior
 2-59 college district may impose on the subsequently qualified
 2-60 homestead.

2-61 (i) If an individual who qualifies for a limitation on
 2-62 county, municipal, or junior college district tax increases under
 2-63 this section dies, the surviving spouse of the individual is
 2-64 entitled to the limitation on taxes imposed by the county,
 2-65 municipality, or junior college district on the residence homestead
 2-66 of the individual if:

2-67 (1) the surviving spouse is disabled or is 55 years of
 2-68 age or older when the individual dies; and

2-69 (2) the residence homestead of the individual:

3-1 (A) is the residence homestead of the surviving
 3-2 spouse on the date that the individual dies; and

3-3 (B) remains the residence homestead of the
 3-4 surviving spouse.

3-5 (j) If an individual who is 65 years of age or older and
 3-6 qualifies for a limitation on county, municipal, or junior college
 3-7 district tax increases for the elderly under this section dies in
 3-8 the first year in which the individual qualified for the limitation
 3-9 and the individual first qualified for the limitation after the
 3-10 beginning of that year, except as provided by Subsection (k), the
 3-11 amount to which the surviving spouse's county, municipal, or junior
 3-12 college district taxes are limited under Subsection (i) is the
 3-13 amount of taxes imposed by the county, municipality, or junior
 3-14 college district, as applicable, on the residence homestead in that
 3-15 year determined as if the individual qualifying for the exemption
 3-16 had lived for the entire year.

3-17 (k) If in the first tax year after the year in which an
 3-18 individual who is 65 years of age or older dies under the
 3-19 circumstances described by Subsection (j) the amount of taxes
 3-20 imposed by a county, municipality, or junior college district on
 3-21 the residence homestead of the surviving spouse is less than the
 3-22 amount of taxes imposed by the county, municipality, or junior
 3-23 college district in the preceding year as limited by Subsection
 3-24 (j), in a subsequent tax year the surviving spouse's taxes imposed
 3-25 by the county, municipality, or junior college district on that
 3-26 residence homestead are limited to the amount of taxes imposed by
 3-27 the county, municipality, or junior college district in that first
 3-28 tax year after the year in which the individual dies.

3-29 SECTION 2. Sections 23.19(b) and (g), Tax Code, are amended
 3-30 to read as follows:

3-31 (b) If an appraisal district receives a written request for
 3-32 the appraisal of real property and improvements of a cooperative
 3-33 housing corporation according to the separate interests of the
 3-34 corporation's stockholders, the chief appraiser shall separately
 3-35 appraise the interests described by Subsection (d) ~~[of this~~
 3-36 ~~section]~~ if the conditions required by Subsections (e) and (f) ~~[of~~
 3-37 ~~this section]~~ have been met. Separate appraisal under this section
 3-38 is for the purposes of administration of tax exemptions,
 3-39 determination of applicable limitations of taxes under Section
 3-40 11.26 or 11.261 ~~[of this code]~~, and apportionment by a cooperative
 3-41 housing corporation of property taxes among its stockholders but is
 3-42 not the basis for determining value on which a tax is imposed under
 3-43 this title. A stockholder whose interest is separately appraised
 3-44 under this section may protest and appeal the appraised value in the
 3-45 manner provided by this title for protest and appeal of the
 3-46 appraised value of other property.

3-47 (g) A tax bill or a separate statement accompanying the tax
 3-48 bill to a cooperative housing corporation for which interests of
 3-49 stockholders are separately appraised under this section must
 3-50 state, in addition to the information required by Section 31.01 ~~[of~~
 3-51 ~~this code]~~, the appraised value and taxable value of each interest
 3-52 separately appraised. Each exemption claimed as provided by this
 3-53 title by a person entitled to the exemption shall also be deducted
 3-54 from the total appraised value of the property of the corporation.
 3-55 The total tax imposed by a school district, county, municipality,
 3-56 or junior college district shall be reduced by any amount that
 3-57 represents an increase in taxes attributable to separately
 3-58 appraised interests of the real property and improvements that are
 3-59 subject to the limitation of taxes prescribed by Section 11.26 or
 3-60 11.261 ~~[of this code]~~. The corporation shall apportion among its
 3-61 stockholders liability for reimbursing the corporation for
 3-62 property taxes according to the relative taxable values of their
 3-63 interests.

3-64 SECTION 3. Sections 26.012(6), (13), and (14), Tax Code,
 3-65 are amended to read as follows:

3-66 (6) "Current total value" means the total taxable
 3-67 value of property listed on the appraisal roll for the current year,
 3-68 including all appraisal roll supplements and corrections as of the
 3-69 date of the calculation, less the taxable value of property

4-1 exempted for the current tax year for the first time under Section
 4-2 11.31, except that:
 4-3 (A) the current total value for a school district
 4-4 excludes:
 4-5 (i) [-(A)] the total value of homesteads
 4-6 that qualify for a tax limitation as provided by Section 11.26; and
 4-7 (ii) [-(B)] new property value of property
 4-8 that is subject to an agreement entered into under Chapter 313; and
 4-9 (B) the current total value for a county,
 4-10 municipality, or junior college district excludes the total value
 4-11 of homesteads that qualify for a tax limitation provided by Section
 4-12 11.261.

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

4-14 (A) the amount of taxes that would be generated
 4-15 by multiplying the total tax rate adopted by the governing body in
 4-16 the preceding year by the total taxable value of property on the
 4-17 appraisal roll for the preceding year, including:

4-18 (i) taxable value that was reduced in an
 4-19 appeal under Chapter 42; and

4-20 (ii) all appraisal roll supplements and
 4-21 corrections other than corrections made pursuant to Section
 4-22 25.25(d), as of the date of the calculation, except that last year's
 4-23 taxable value for a school district excludes the total value of
 4-24 homesteads that qualified for a tax limitation as provided by
 4-25 Section 11.26 and last year's taxable value for a county,
 4-26 municipality, or junior college district excludes the total value
 4-27 of homesteads that qualified for a tax limitation as provided by
 4-28 Section 11.261; and

4-29 (B) the amount of taxes refunded by the taxing
 4-30 unit in the preceding year for tax years before that year.

4-31 (14) "Last year's total value" means the total taxable
 4-32 value of property listed on the appraisal roll for the preceding
 4-33 year, including all appraisal roll supplements and corrections,
 4-34 other than corrections made pursuant to Section 25.25(d) [~~of this~~
 4-35 ~~code~~], as of the date of the calculation, except that:

4-36 (A) last year's taxable value for a school
 4-37 district excludes the total value of homesteads that qualified for
 4-38 a tax limitation as provided by Section 11.26; and

4-39 (B) last year's taxable value for a county,
 4-40 municipality, or junior college district excludes the total value
 4-41 of homesteads that qualified for a tax limitation as provided by
 4-42 Section 11.261 [~~of this code~~].

4-43 SECTION 4. This Act takes effect January 1, 2004, and
 4-44 applies only to ad valorem taxes imposed on or after that date, but
 4-45 only if the constitutional amendment to permit a county,
 4-46 municipality, or junior college district to establish an ad valorem
 4-47 tax freeze on residence homesteads of the disabled and of the
 4-48 elderly and their spouses is approved by the voters. If that
 4-49 amendment is not approved by the voters, this Act has no effect.

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