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H.B. No. 217

A BILL TO BE ENTITLED

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AN ACT

relating to limiting the amount of school district ad valorem taxes that may be imposed on the residence homestead of a disabled person.

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

SECTION 1. The heading of Section 11.26, Tax Code, is amended to read as follows:

Sec. 11.26. LIMITATION OF SCHOOL TAX ON HOMESTEADS OF ELDERLY OR DISABLED.

SECTION 2. Section 11.26, Tax Code, is amended by amending Subsections (a), (d), (e), (g), (h), and (l) and adding Subsection (m) to read as follows:

(a) The tax officials shall appraise the property to which this section applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation imposed by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. A school district may not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled, as defined by Section 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for the applicable exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or is disabled. If the individual qualified that residence

1 homestead for the exemption after the beginning of that first year
2 and the residence homestead remains eligible for the same exemption
3 for the next year, and if the school district taxes imposed on the
4 residence homestead in the next year are less than the amount of
5 taxes imposed in that first year, a school district may not
6 subsequently increase the total annual amount of ad valorem taxes
7 it imposes on the residence homestead above the amount it imposed in
8 the year immediately following the first year for which the
9 individual qualified that residence homestead for the same
10 exemption, except as provided by Subsection (b). If the first tax
11 year the individual qualified the residence homestead for the
12 exemption provided by Section 11.13(c) for individuals 65 years of
13 age or older was a tax year before the 1997 tax year, the amount of
14 the limitation provided by this section is the amount of tax the
15 school district imposed for the 1996 tax year less an amount equal
16 to the amount determined by multiplying \$10,000 times the tax rate
17 of the school district for the 1997 tax year, plus any 1997 tax
18 attributable to improvements made in 1996, other than improvements
19 made to comply with governmental regulations or repairs.

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

1 (e) For each school district in an appraisal district, the
2 chief appraiser shall determine the portion of the appraised value
3 of residence homesteads of individuals [~~the elderly~~] on which
4 school district taxes are not imposed in a tax year because of the
5 limitation on tax increases imposed by this section. That portion
6 is calculated by determining the taxable value that, if multiplied
7 by the tax rate adopted by the school district for the tax year,
8 would produce an amount equal to the amount of tax that would have
9 been imposed by the school district on those residence homesteads
10 [~~of the elderly~~] if the limitation on tax increases imposed by this
11 section were not in effect, but that was not imposed because of that
12 limitation. The chief appraiser shall determine that taxable value
13 and certify it to the comptroller as soon as practicable for each
14 tax year.

15 (g) Except as provided by Subsection (b), if an individual
16 who receives a limitation on tax increases imposed by this section,
17 including a surviving spouse who receives a limitation under
18 Subsection (i), subsequently qualifies a different residence
19 homestead for the same [~~an~~] exemption under Section 11.13, a school
20 district may not impose ad valorem taxes on the subsequently
21 qualified homestead in a year in an amount that exceeds the amount
22 of taxes the school district would have imposed on the subsequently
23 qualified homestead in the first year in which the individual
24 receives that same exemption for the subsequently qualified
25 homestead had the limitation on tax increases imposed by this
26 section not been in effect, multiplied by a fraction the numerator
27 of which is the total amount of school district taxes imposed on the

1 former homestead in the last year in which the individual received
2 that same exemption for the former homestead and the denominator of
3 which is the total amount of school district taxes that would have
4 been imposed on the former homestead in the last year in which the
5 individual received that same exemption for the former homestead
6 had the limitation on tax increases imposed by this section not been
7 in effect.

8 (h) An individual who receives a limitation on tax increases
9 under this section, including a surviving spouse who receives a
10 limitation under Subsection (i), and who subsequently qualifies a
11 different residence homestead for an exemption under Section 11.13,
12 or an agent of the individual, is entitled to receive from the chief
13 appraiser of the appraisal district in which the former homestead
14 was located a written certificate providing the information
15 necessary to determine whether the individual may qualify for that
16 same [a] limitation on the subsequently qualified homestead under
17 Subsection (g) and to calculate the amount of taxes the school
18 district may impose on the subsequently qualified homestead.

19 (l) For the purpose of calculating a limitation on ad
20 valorem tax increases by a school district under this section, an
21 individual who qualified a residence homestead before January 1,
22 2003, for an exemption under Section 11.13(c) for a disabled
23 individual is considered to have first qualified the homestead for
24 that exemption on January 1, 2003.

25 (m) For the purpose of qualifying under Subsection (g) for
26 the limitation on ad valorem taxes on a subsequently qualified
27 homestead imposed by a school district, the residence homestead of

1 an individual may be considered to be a subsequently qualified
2 homestead only if the individual qualified the former homestead for
3 an exemption under Section 11.13(c) for a disabled individual for a
4 tax year beginning on or after January 1, 2003. [For purposes of
5 the limitation on tax increases provided by Subsection (g), the
6 governing body of a school district in a county with a population of
7 fewer than 75,000 in a manner provided by law for official action by
8 the governing body may elect to apply the limitation provided by
9 Subsection (g) to the residence homestead of an individual as if
10 that subsection were in effect on January 1, 1993. The governing
11 body must make the election before January 1, 1999. The election
12 applies only to taxes imposed in a tax year that begins after the
13 tax year in which the election is made.]

14 SECTION 3. Section 403.302(d), Government Code, is amended
15 to read as follows:

16 (d) For the purposes of this section, "taxable value" means
17 the market value of all taxable property less:

18 (1) the total dollar amount of any residence homestead
19 exemptions lawfully granted under Section 11.13(b) or (c), Tax
20 Code, in the year that is the subject of the study for each school
21 district;

22 (2) one-half of the total dollar amount of any
23 residence homestead exemptions granted under Section 11.13(n), Tax
24 Code, in the year that is the subject of the study for each school
25 district;

26 (3) the total dollar amount of any exemptions granted
27 before May 31, 1993, within a reinvestment zone under agreements

1 authorized by Chapter 312, Tax Code;

2 (4) subject to Subsection (e), the total dollar amount
3 of any captured appraised value of property that:

4 (A) is within a reinvestment zone created on or
5 before May 31, 1999, or is proposed to be included within the
6 boundaries of a reinvestment zone as the boundaries of the zone and
7 the proposed portion of tax increment paid into the tax increment
8 fund by a school district are described in a written notification
9 provided by the municipality or the board of directors of the zone
10 to the governing bodies of the other taxing units in the manner
11 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
12 within the boundaries of the zone as those boundaries existed on
13 September 1, 1999, including subsequent improvements to the
14 property regardless of when made;

15 (B) generates taxes paid into a tax increment
16 fund created under Chapter 311, Tax Code, under a reinvestment zone
17 financing plan approved under Section 311.011(d), Tax Code, on or
18 before September 1, 1999; and

19 (C) is eligible for tax increment financing under
20 Chapter 311, Tax Code;

21 (5) the total dollar amount of any exemptions granted
22 under Section 11.251, Tax Code;

23 (6) the difference between the comptroller's estimate
24 of the market value and the productivity value of land that
25 qualifies for appraisal on the basis of its productive capacity,
26 except that the productivity value estimated by the comptroller may
27 not exceed the fair market value of the land;

1 (7) the portion of the appraised value of residence
2 homesteads of individuals who receive a tax limitation under
3 Section 11.26, Tax Code, [~~the elderly~~] on which school district
4 taxes are not imposed in the year that is the subject of the study,
5 calculated as if the residence homesteads were appraised at the
6 full value required by law;

7 (8) a portion of the market value of property not
8 otherwise fully taxable by the district at market value because of:

9 (A) action required by statute or the
10 constitution of this state that, if the tax rate adopted by the
11 district is applied to it, produces an amount equal to the
12 difference between the tax that the district would have imposed on
13 the property if the property were fully taxable at market value and
14 the tax that the district is actually authorized to impose on the
15 property, if this subsection does not otherwise require that
16 portion to be deducted; or

17 (B) action taken by the district under Subchapter
18 B or C, Chapter 313, Tax Code;

19 (9) the market value of all tangible personal
20 property, other than manufactured homes, owned by a family or
21 individual and not held or used for the production of income;

22 (10) the appraised value of property the collection of
23 delinquent taxes on which is deferred under Section 33.06, Tax
24 Code;

25 (11) the portion of the appraised value of property
26 the collection of delinquent taxes on which is deferred under
27 Section 33.065, Tax Code; and

1 (12) the amount by which the market value of a
2 residence homestead to which Section 23.23, Tax Code, applies
3 exceeds the appraised value of that property as calculated under
4 that section.

5 SECTION 4. This Act takes effect January 1, 2004, and
6 applies only to taxes imposed for tax years that begin on or after
7 that date, but only if the constitutional amendment proposed by the
8 78th Legislature, Regular Session, 2003, to prohibit an increase in
9 the total amount of school district ad valorem taxes that may be
10 imposed on the residence homestead of a disabled person is approved
11 by the voters. If that amendment is not approved by the voters, this
12 Act has no effect.