

AN ACT

relating to the exemption from ad valorem taxation on the residence homestead of an elderly person or a disabled person and to the limiting of the amount of school district ad valorem taxes that may be imposed on that homestead.

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

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

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

1 that should have been imposed for that year and the tax that was
2 imposed because of the provisions of this section.

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

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

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

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

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

27 (m) For the purpose of qualifying under Subsection (g) for

1 the limitation on ad valorem taxes on a subsequently qualified
2 homestead imposed by a school district, the residence homestead of
3 a disabled individual may be considered to be a subsequently
4 qualified homestead only if the disabled individual qualified the
5 former homestead for an exemption under Section 11.13(c) for a
6 disabled individual for a tax year beginning on or after January 1,
7 2003. [~~For purposes of the limitation on tax increases provided by~~
8 ~~Subsection (g), the governing body of a school district in a county~~
9 ~~with a population of fewer than 75,000 in a manner provided by law~~
10 ~~for official action by the governing body may elect to apply the~~
11 ~~limitation provided by Subsection (g) to the residence homestead of~~
12 ~~an individual as if that subsection were in effect on January 1,~~
13 ~~1993. The governing body must make the election before January 1,~~
14 ~~1999. The election applies only to taxes imposed in a tax year that~~
15 ~~begins after the tax year in which the election is made.~~]

16 SECTION 3. Section 11.42(c), Tax Code, is amended to read as
17 follows:

18 (c) An exemption authorized by Section 11.13(c) or (d) [~~for~~
19 ~~an individual 65 years of age or older~~] is effective as of January 1
20 of the tax year in which the person qualifies for the exemption and
21 applies to the entire tax year.

22 SECTION 4. Section 11.43(k), Tax Code, is amended to read as
23 follows:

24 (k) A person who qualifies for an [~~the~~] exemption authorized
25 by Section 11.13(c) or (d) [~~for an individual 65 years of age or~~
26 ~~older~~] must apply for the exemption no later than the first
27 anniversary of the date the person qualified for the exemption.

1 SECTION 5. Section 26.10(b), Tax Code, is amended to read as
2 follows:

3 (b) If the appraisal roll shows that a residence homestead
4 exemption for an individual 65 years of age or older or a residence
5 homestead exemption for a disabled individual applicable to a
6 property on January 1 of a year terminated during the year and if
7 the owner qualifies a different property for one of those [~~a~~]
8 residence homestead exemptions [~~exemption~~] during the same year,
9 the tax due against the former residence homestead is calculated
10 by:

11 (1) subtracting:

12 (A) the amount of the taxes that otherwise would
13 be imposed on the former residence homestead for the entire year had
14 the individual qualified for the residence homestead exemption for
15 the entire year; from

16 (B) the amount of the taxes that otherwise would
17 be imposed on the former residence homestead for the entire year had
18 the individual not qualified for the residence homestead exemption
19 during the year;

20 (2) multiplying the remainder determined under
21 Subdivision (1) by a fraction, the denominator of which is 365 and
22 the numerator of which is the number of days that elapsed after the
23 date the exemption terminated; and

24 (3) adding the product determined under Subdivision
25 (2) and the amount described by Subdivision (1)(A).

26 SECTION 6. Section 26.112, Tax Code, is amended to read as
27 follows:

1 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF
2 ELDERLY OR DISABLED PERSON. (a) Except as provided by Section
3 26.10(b), if at any time during a tax year property is owned by an
4 individual who qualifies for an exemption under Section 11.13(c) or
5 (d) [~~for an individual 65 years of age or older~~], the amount of the
6 tax due on the property for the tax year is calculated as if the
7 person qualified for the exemption on January 1 and continued to
8 qualify for the exemption for the remainder of the tax year.

9 (b) If a person qualifies for an exemption under Section
10 11.13(c) or (d) [~~for an individual 65 years of age or older~~] with
11 respect to the property after the amount of the tax due on the
12 property is calculated and the effect of the qualification is to
13 reduce the amount of the tax due on the property, the assessor for
14 each taxing unit shall recalculate the amount of the tax due on the
15 property and correct the tax roll. If the tax bill has been mailed
16 and the tax on the property has not been paid, the assessor shall
17 mail a corrected tax bill to the person in whose name the property
18 is listed on the tax roll or to the person's authorized agent. If
19 the tax on the property has been paid, the tax collector for the
20 taxing unit shall refund to the person who paid the tax the amount
21 by which the payment exceeded the tax due.

22 SECTION 7. Section 403.302(d), Government Code, is amended
23 to read as follows:

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

26 (1) the total dollar amount of any residence homestead
27 exemptions lawfully granted under Section 11.13(b) or (c), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

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

7 (3) the total dollar amount of any exemptions granted
8 before May 31, 1993, within a reinvestment zone under agreements
9 authorized by Chapter 312, Tax Code;

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

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

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

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

4 (6) the difference between the comptroller's estimate
5 of the market value and the productivity value of land that
6 qualifies for appraisal on the basis of its productive capacity,
7 except that the productivity value estimated by the comptroller may
8 not exceed the fair market value of the land;

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

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

17 (A) action required by statute or the
18 constitution of this state that, if the tax rate adopted by the
19 district is applied to it, produces an amount equal to the
20 difference between the tax that the district would have imposed on
21 the property if the property were fully taxable at market value and
22 the tax that the district is actually authorized to impose on the
23 property, if this subsection does not otherwise require that
24 portion to be deducted; or

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

27 (9) the market value of all tangible personal

1 property, other than manufactured homes, owned by a family or
2 individual and not held or used for the production of income;

3 (10) the appraised value of property the collection of
4 delinquent taxes on which is deferred under Section 33.06, Tax
5 Code;

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

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

13 SECTION 8. (a) Except as provided by Subsection (b) of this
14 section, this Act takes effect January 1, 2004, and applies only to
15 an ad valorem tax year that begins on or after that date.

16 (b) The changes in law to Section 11.26, Tax Code, and to
17 Section 403.302, Government Code, made by this Act take effect only
18 if the constitutional amendment proposed by the 78th Legislature,
19 Regular Session, 2003, to prohibit an increase in the total amount
20 of school district ad valorem taxes that may be imposed on the
21 residence homestead of a disabled person is approved by the voters.
22 If that amendment is not approved by the voters, the changes in law
23 to those sections made by this Act have no effect.

President of the Senate

Speaker of the House

I certify that H.B. No. 217 was passed by the House on April 30, 2003, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 217 on May 29, 2003, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 217 was passed by the Senate, with amendments, on May 27, 2003, by a viva-voce vote.

Secretary of the Senate

APPROVED: _____

Date

Governor