

1-1 By: Hamric, et al. (Senate Sponsor - Van de Putte) H.B. No. 217
1-2 (In the Senate - Received from the House May 1, 2003;
1-3 May 6, 2003, read first time and referred to Committee on Finance;
1-4 May 23, 2003, reported favorably by the following vote: Yeas 11,
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 school district ad valorem taxes
1-9 that may be imposed on the residence homestead of a disabled person.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. The heading of Section 11.26, Tax Code, is
1-12 amended to read as follows:

1-13 Sec. 11.26. LIMITATION OF SCHOOL TAX ON HOMESTEADS OF
1-14 ELDERLY OR DISABLED.

1-15 SECTION 2. Section 11.26, Tax Code, is amended by amending
1-16 Subsections (a), (d), (e), (g), (h), and (l) and adding Subsection
1-17 (m) to read as follows:

1-18 (a) The tax officials shall appraise the property to which
1-19 this section applies and calculate taxes as on other property, but
1-20 if the tax so calculated exceeds the limitation imposed by this
1-21 section, the tax imposed is the amount of the tax as limited by this
1-22 section, except as otherwise provided by this section. A school
1-23 district may not increase the total annual amount of ad valorem tax
1-24 it imposes on the residence homestead of an individual 65 years of
1-25 age or older or on the residence homestead of an individual who is
1-26 disabled, as defined by Section 11.13, above the amount of the tax
1-27 it imposed in the first tax year in which the individual qualified
1-28 that residence homestead for the applicable exemption provided by
1-29 Section 11.13(c) for an individual who is 65 years of age or older
1-30 or is disabled. If the individual qualified that residence
1-31 homestead for the exemption after the beginning of that first year
1-32 and the residence homestead remains eligible for the same exemption
1-33 for the next year, and if the school district taxes imposed on the
1-34 residence homestead in the next year are less than the amount of
1-35 taxes imposed in that first year, a school district may not
1-36 subsequently increase the total annual amount of ad valorem taxes
1-37 it imposes on the residence homestead above the amount it imposed in
1-38 the year immediately following the first year for which the
1-39 individual qualified that residence homestead for the same
1-40 exemption, except as provided by Subsection (b). If the first tax
1-41 year the individual qualified the residence homestead for the
1-42 exemption provided by Section 11.13(c) for individuals 65 years of
1-43 age or older was a tax year before the 1997 tax year, the amount of
1-44 the limitation provided by this section is the amount of tax the
1-45 school district imposed for the 1996 tax year less an amount equal
1-46 to the amount determined by multiplying \$10,000 times the tax rate
1-47 of the school district for the 1997 tax year, plus any 1997 tax
1-48 attributable to improvements made in 1996, other than improvements
1-49 made to comply with governmental regulations or repairs.

1-50 (d) If the appraisal roll provides for taxation of appraised
1-51 value for a prior year because a residence homestead exemption for
1-52 individuals [persons] 65 years of age or older or for disabled
1-53 individuals was erroneously allowed, the tax assessor shall add, as
1-54 back taxes due as provided by [Subsection (d) of] Section 26.09(d)
1-55 [26.09 of this code], the positive difference if any between the tax
1-56 that should have been imposed for that year and the tax that was
1-57 imposed because of the provisions of this section.

1-58 (e) For each school district in an appraisal district, the
1-59 chief appraiser shall determine the portion of the appraised value
1-60 of residence homesteads of individuals [the elderly] on which
1-61 school district taxes are not imposed in a tax year because of the
1-62 limitation on tax increases imposed by this section. That portion
1-63 is calculated by determining the taxable value that, if multiplied
1-64 by the tax rate adopted by the school district for the tax year,

2-1 would produce an amount equal to the amount of tax that would have
 2-2 been imposed by the school district on those residence homesteads
 2-3 ~~[of the elderly]~~ if the limitation on tax increases imposed by this
 2-4 section were not in effect, but that was not imposed because of that
 2-5 limitation. The chief appraiser shall determine that taxable value
 2-6 and certify it to the comptroller as soon as practicable for each
 2-7 tax year.

2-8 (g) Except as provided by Subsection (b), if an individual
 2-9 who receives a limitation on tax increases imposed by this section,
 2-10 including a surviving spouse who receives a limitation under
 2-11 Subsection (i), subsequently qualifies a different residence
 2-12 homestead for the same ~~[an]~~ exemption under Section 11.13, a school
 2-13 district may not impose ad valorem taxes on the subsequently
 2-14 qualified homestead in a year in an amount that exceeds the amount
 2-15 of taxes the school district would have imposed on the subsequently
 2-16 qualified homestead in the first year in which the individual
 2-17 receives that same exemption for the subsequently qualified
 2-18 homestead had the limitation on tax increases imposed by this
 2-19 section not been in effect, multiplied by a fraction the numerator
 2-20 of which is the total amount of school district taxes imposed on the
 2-21 former homestead in the last year in which the individual received
 2-22 that same exemption for the former homestead and the denominator of
 2-23 which is the total amount of school district taxes that would have
 2-24 been imposed on the former homestead in the last year in which the
 2-25 individual received that same exemption for the former homestead
 2-26 had the limitation on tax increases imposed by this section not been
 2-27 in effect.

2-28 (h) An individual who receives a limitation on tax increases
 2-29 under this section, including a surviving spouse who receives a
 2-30 limitation under Subsection (i), and who subsequently qualifies a
 2-31 different residence homestead for an exemption under Section 11.13,
 2-32 or an agent of the individual, is entitled to receive from the chief
 2-33 appraiser of the appraisal district in which the former homestead
 2-34 was located a written certificate providing the information
 2-35 necessary to determine whether the individual may qualify for that
 2-36 same ~~[a]~~ limitation on the subsequently qualified homestead under
 2-37 Subsection (g) and to calculate the amount of taxes the school
 2-38 district may impose on the subsequently qualified homestead.

2-39 (l) For the purpose of calculating a limitation on ad
 2-40 valorem tax increases by a school district under this section, an
 2-41 individual who qualified a residence homestead before January 1,
 2-42 2003, for an exemption under Section 11.13(c) for a disabled
 2-43 individual is considered to have first qualified the homestead for
 2-44 that exemption on January 1, 2003.

2-45 (m) For the purpose of qualifying under Subsection (g) for
 2-46 the limitation on ad valorem taxes on a subsequently qualified
 2-47 homestead imposed by a school district, the residence homestead of
 2-48 an individual may be considered to be a subsequently qualified
 2-49 homestead only if the individual qualified the former homestead for
 2-50 an exemption under Section 11.13(c) for a disabled individual for a
 2-51 tax year beginning on or after January 1, 2003. [For purposes of
 2-52 the limitation on tax increases provided by Subsection (g), the
 2-53 governing body of a school district in a county with a population of
 2-54 fewer than 75,000 in a manner provided by law for official action by
 2-55 the governing body may elect to apply the limitation provided by
 2-56 Subsection (g) to the residence homestead of an individual as if
 2-57 that subsection were in effect on January 1, 1993. The governing
 2-58 body must make the election before January 1, 1999. The election
 2-59 applies only to taxes imposed in a tax year that begins after the
 2-60 tax year in which the election is made.]

2-61 SECTION 3. Section 403.302(d), Government Code, is amended
 2-62 to read as follows:

2-63 (d) For the purposes of this section, "taxable value" means
 2-64 the market value of all taxable property less:

2-65 (1) the total dollar amount of any residence homestead
 2-66 exemptions lawfully granted under Section 11.13(b) or (c), Tax
 2-67 Code, in the year that is the subject of the study for each school
 2-68 district;

2-69 (2) one-half of the total dollar amount of any

3-1 residence homestead exemptions granted under Section 11.13(n), Tax
 3-2 Code, in the year that is the subject of the study for each school
 3-3 district;

3-4 (3) the total dollar amount of any exemptions granted
 3-5 before May 31, 1993, within a reinvestment zone under agreements
 3-6 authorized by Chapter 312, Tax Code;

3-7 (4) subject to Subsection (e), the total dollar amount
 3-8 of any captured appraised value of property that:

3-9 (A) is within a reinvestment zone created on or
 3-10 before May 31, 1999, or is proposed to be included within the
 3-11 boundaries of a reinvestment zone as the boundaries of the zone and
 3-12 the proposed portion of tax increment paid into the tax increment
 3-13 fund by a school district are described in a written notification
 3-14 provided by the municipality or the board of directors of the zone
 3-15 to the governing bodies of the other taxing units in the manner
 3-16 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
 3-17 within the boundaries of the zone as those boundaries existed on
 3-18 September 1, 1999, including subsequent improvements to the
 3-19 property regardless of when made;

3-20 (B) generates taxes paid into a tax increment
 3-21 fund created under Chapter 311, Tax Code, under a reinvestment zone
 3-22 financing plan approved under Section 311.011(d), Tax Code, on or
 3-23 before September 1, 1999; and

3-24 (C) is eligible for tax increment financing under
 3-25 Chapter 311, Tax Code;

3-26 (5) the total dollar amount of any exemptions granted
 3-27 under Section 11.251, Tax Code;

3-28 (6) the difference between the comptroller's estimate
 3-29 of the market value and the productivity value of land that
 3-30 qualifies for appraisal on the basis of its productive capacity,
 3-31 except that the productivity value estimated by the comptroller may
 3-32 not exceed the fair market value of the land;

3-33 (7) the portion of the appraised value of residence
 3-34 homesteads of individuals who receive a tax limitation under
 3-35 Section 11.26, Tax Code, [~~the elderly~~] on which school district
 3-36 taxes are not imposed in the year that is the subject of the study,
 3-37 calculated as if the residence homesteads were appraised at the
 3-38 full value required by law;

3-39 (8) a portion of the market value of property not
 3-40 otherwise fully taxable by the district at market value because of:

3-41 (A) action required by statute or the
 3-42 constitution of this state that, if the tax rate adopted by the
 3-43 district is applied to it, produces an amount equal to the
 3-44 difference between the tax that the district would have imposed on
 3-45 the property if the property were fully taxable at market value and
 3-46 the tax that the district is actually authorized to impose on the
 3-47 property, if this subsection does not otherwise require that
 3-48 portion to be deducted; or

3-49 (B) action taken by the district under Subchapter
 3-50 B or C, Chapter 313, Tax Code;

3-51 (9) the market value of all tangible personal
 3-52 property, other than manufactured homes, owned by a family or
 3-53 individual and not held or used for the production of income;

3-54 (10) the appraised value of property the collection of
 3-55 delinquent taxes on which is deferred under Section 33.06, Tax
 3-56 Code;

3-57 (11) the portion of the appraised value of property
 3-58 the collection of delinquent taxes on which is deferred under
 3-59 Section 33.065, Tax Code; and

3-60 (12) the amount by which the market value of a
 3-61 residence homestead to which Section 23.23, Tax Code, applies
 3-62 exceeds the appraised value of that property as calculated under
 3-63 that section.

3-64 SECTION 4. This Act takes effect January 1, 2004, and
 3-65 applies only to taxes imposed for tax years that begin on or after
 3-66 that date, but only if the constitutional amendment proposed by the
 3-67 78th Legislature, Regular Session, 2003, to prohibit an increase in
 3-68 the total amount of school district ad valorem taxes that may be
 3-69 imposed on the residence homestead of a disabled person is approved

4-1 by the voters. If that amendment is not approved by the voters, this
4-2 Act has no effect.

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