

By: Guillen

H.B. No. 213

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a limitation on the amount of ad valorem taxes that may
3 be imposed on the residence homestead of an eligible person serving
4 on active duty in the United States armed forces.

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

6 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
7 adding Subsection 11.262 to read as follows:

8 Sec. 11.262. LIMITATION OF TAX ON HOMESTEADS OF MEMBERS OF
9 ARMED FORCES. (a) In this section, "active duty" means full-time
10 duty in the active military service of the United States. The term
11 includes such federal duty as full-time training duty, annual
12 training duty, and attendance, while in the active military
13 service, at a school designated as a service school by law or by the
14 secretary of the military department concerned. The term does not
15 include full-time National Guard duty.

16 (b) This section applies only to a taxing unit that has
17 established a limitation on the total amount of taxes that may be
18 imposed by the taxing unit on the residence homestead of a person
19 serving on active duty in the United States armed forces under
20 Section 1-b(i), Article VIII, Texas Constitution. A tax
21 limitation established under that subsection applies to the
22 imposition of taxes beginning with the first tax year after the year
23 in which the limitation is established.

24 (c) This section applies only to property that receives an

1 exemption under Section 11.13 and is the residence homestead of an
2 individual serving on active duty whose monthly salary for that
3 duty for any month is less than two times the minimum monthly salary
4 of the highest-ranking noncommissioned officer serving on active
5 duty in that individual's branch of the armed forces for August of
6 the preceding year. If the property is the residence homestead of
7 more than one individual serving on active duty, each of those
8 individuals must meet the salary limitation provided by this
9 subsection. Not later than January 1 of each tax year, the
10 comptroller shall determine for purposes of this section the
11 minimum monthly salary of the highest-ranking noncommissioned
12 officer serving on active duty in each branch of the United States
13 armed forces for August of the preceding year and shall:

14 (1) publish that salary in the Texas Register; and

15 (2) notify each appraisal office of that
16 determination.

17 (d) A taxing unit may not increase the total annual amount
18 of ad valorem taxes it imposes on the residence homestead of an
19 individual to whom this section applies above the amount of the
20 taxes it imposed on the property in the preceding tax year if the
21 property qualified as the individual's residence homestead in the
22 preceding tax year. The tax officials shall appraise the property
23 to which this section applies and calculate taxes as on other
24 property, but if the tax so calculated exceeds the limitation
25 provided by this section, the tax imposed is the amount of the tax
26 as limited by this section, except as otherwise provided by this
27 section.

1 (e) If improvements have been made to the individual's
2 residence homestead, other than repairs and other than improvements
3 made to comply with governmental requirements, since the most
4 recent appraisal of the property, the taxing unit may increase the
5 amount of taxes on the homestead in the first year the appraised
6 value of the homestead is increased on the appraisal roll because of
7 the enhancement of value by the improvements. The amount of the tax
8 increase is determined by applying the current tax rate to the
9 difference in the appraised value of the homestead with the
10 improvements and the appraised value it would have had without the
11 improvements. A limitation imposed by this section then applies to
12 the increased amount of taxes on the residence homestead until more
13 improvements, if any, are made.

14 (f) An individual is eligible for a limitation on tax
15 increases under this section for a tax year if the individual
16 qualifies the residence homestead for an exemption under Section
17 11.13 for that tax year and meets the requirements of Subsection (c)
18 at any time during that tax year and if the individual qualified the
19 homestead for an exemption under Section 11.13 for the preceding
20 tax year. To receive a limitation on tax increases under this
21 section, an individual claiming the limitation must file an
22 application for the limitation with the chief appraiser of the
23 appraisal district. The chief appraiser shall accept and approve
24 or deny the application. For property appraised by more than one
25 appraisal district, a separate application must be filed in each
26 appraisal district to receive a limitation in that district. A
27 limitation under this section, once allowed, need not be claimed in

1 subsequent years and applies to the property until the limitation
2 expires as provided by this section or until the individual's
3 qualification for the limitation ends. However, the chief
4 appraiser may require an individual allowed a limitation in a prior
5 year to file a new application to confirm the individual's current
6 qualification for the limitation by delivering, not later than
7 April 1, a written notice that a new application is required,
8 accompanied by an appropriate application form, to the individual
9 previously allowed the limitation.

10 (g) In this subsection, "driver's license" and "personal
11 identification certificate" have the meanings assigned by Section
12 11.43(f). The comptroller, in prescribing the contents of the
13 application form for a limitation on tax increases under this
14 section, shall ensure that the form requires an applicant to
15 provide the information necessary to determine the validity of the
16 limitation claim. The form must require an applicant to provide the
17 applicant's name and driver's license number, personal
18 identification certificate number, or social security number. The
19 comptroller shall include on the form:

20 (1) a notice of the penalties prescribed by Section
21 37.10, Penal Code, for making or filing an application containing a
22 false statement; and

23 (2) a statement explaining that the application need
24 not be made annually and that if the limitation is allowed, the
25 applicant has a duty to notify the chief appraiser when the
26 applicant's qualification for the limitation ends.

27 (h) An individual who is required to apply for a limitation

1 on tax increases under this section to receive the limitation for a
2 tax year must apply for the limitation not later than May 1 or the
3 90th day after the date the individual begins serving on active
4 duty, whichever is later. Except as provided by Subsection (i), if
5 the individual fails to timely file a completed application, the
6 individual may not receive the limitation for that year.

7 (i) The chief appraiser shall accept and approve or deny an
8 application for a limitation on tax increases under this section
9 after the deadline for filing the application has passed if the
10 application is filed not later than one year after the delinquency
11 date for the taxes on the property for that tax year. If a late
12 application is approved after approval of the appraisal records by
13 the appraisal review board, the chief appraiser shall notify the
14 collector for each taxing unit in which the property is located. If
15 the tax has not been paid, the collector shall deduct from the
16 individual's tax bill the difference between the taxes that would
17 have been due had the property not qualified for the limitation and
18 the taxes due after taking the limitation into account. If the tax
19 has been paid, the collector shall refund the difference.

20 (j) An individual who receives a limitation on tax increases
21 under this section shall notify the appraisal office in writing
22 before May 1 after the individual's qualification for the
23 limitation ends.

24 (k) If the appraisal roll provides for taxation of appraised
25 value for a prior year because a limitation on tax increases under
26 this section was erroneously allowed, the tax assessor for each
27 taxing unit shall add, as back taxes due as provided by Section

1 26.09(d), the positive difference, if any, between the tax that
2 should have been imposed for that year and the tax that was imposed
3 because of this section.

4 (1) A limitation on tax increases under this section expires
5 on January 1 of the first tax year that:

6 (1) none of the owners of the property who qualify for
7 an exemption provided by Section 11.13 and who owned the property
8 when the limitation first took effect is using the property as a
9 residence homestead;

10 (2) none of the owners of the property qualifies for an
11 exemption provided by Section 11.13; or

12 (3) none of the owners of the property who met the
13 requirements of Subsection (c) when the limitation first took
14 effect meets the requirements of that subsection.

15 (m) For each school district in an appraisal district, the
16 chief appraiser shall determine the portion of the appraised value
17 of residence homesteads of individuals on which school district
18 taxes are not imposed in a tax year because of the limitation on tax
19 increases under this section. That portion is calculated by
20 determining the taxable value that, if multiplied by the tax rate
21 adopted by the school district for the tax year, would produce an
22 amount equal to the amount of tax that would have been imposed by
23 the school district on those residence homesteads if the limitation
24 on tax increases under this section were not in effect, but that was
25 not imposed because of that limitation. The chief appraiser shall
26 determine that taxable value and certify it to the comptroller as
27 soon as practicable for each tax year.

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

6 (o) Except as provided by Subsection (e), if an individual
7 who receives a limitation on tax increases by a taxing unit under
8 this section on a residence homestead in the last year in which the
9 individual resided in the property on January 1 qualifies a
10 different residence homestead in the same taxing unit for the
11 limitation during the same period of service on active duty, the
12 taxing unit may not impose ad valorem taxes on the subsequently
13 qualified homestead in a year in an amount that exceeds the amount
14 of taxes the taxing unit would have imposed on the subsequently
15 qualified homestead in the first year in which the individual
16 receives the limitation for the subsequently qualified homestead
17 had the limitation not been in effect, multiplied by a fraction the
18 numerator of which is the total amount of ad valorem taxes imposed
19 by the taxing unit on the former homestead in the last year in which
20 the individual received the limitation for the former homestead and
21 the denominator of which is the total amount of ad valorem taxes
22 that would have been imposed by the taxing unit on the former
23 homestead in the last year in which the individual received the
24 limitation for the former homestead had the limitation not been in
25 effect.

26 (p) An individual who receives a limitation on tax increases
27 by a taxing unit under this section and who subsequently applies for

1 a limitation by the same taxing unit on a different residence
2 homestead, or an agent of the individual, is entitled to receive
3 from the chief appraiser of the appraisal district in which the
4 former homestead was located a written certificate providing the
5 information necessary to determine whether the individual may
6 qualify for a limitation by the taxing unit on the subsequently
7 qualified homestead under Subsection (o) and to calculate the
8 amount of taxes the taxing unit may impose on the subsequently
9 qualified homestead.

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

12 (b) If an appraisal district receives a written request for
13 the appraisal of real property and improvements of a cooperative
14 housing corporation according to the separate interests of the
15 corporation's stockholders, the chief appraiser shall separately
16 appraise the interests described by Subsection (d) if the
17 conditions required by Subsections (e) and (f) have been met.
18 Separate appraisal under this section is for the purposes of
19 administration of tax exemptions, determination of applicable
20 limitations of taxes under Section 11.26, ~~[or]~~ 11.261, or 11.262,
21 and apportionment by a cooperative housing corporation of property
22 taxes among its stockholders but is not the basis for determining
23 value on which a tax is imposed under this title. A stockholder
24 whose interest is separately appraised under this section may
25 protest and appeal the appraised value in the manner provided by
26 this title for protest and appeal of the appraised value of other
27 property.

1 (g) A tax bill or a separate statement accompanying the tax
2 bill to a cooperative housing corporation for which interests of
3 stockholders are separately appraised under this section must
4 state, in addition to the information required by Section 31.01,
5 the appraised value and taxable value of each interest separately
6 appraised. Each exemption claimed as provided by this title by a
7 person entitled to the exemption shall also be deducted from the
8 total appraised value of the property of the corporation. The total
9 tax imposed by a taxing unit [~~school district, county,~~
10 ~~municipality, or junior college district~~] shall be reduced by any
11 amount that represents an increase in taxes attributable to
12 separately appraised interests of the real property and
13 improvements that are subject to the limitation of taxes prescribed
14 by Section 11.26, ~~[or]~~ 11.261, or 11.262. The corporation shall
15 apportion among its stockholders liability for reimbursing the
16 corporation for property taxes according to the relative taxable
17 values of their interests.

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

20 (6) "Current total value" means the total taxable
21 value of property listed on the appraisal roll for the current year,
22 including all appraisal roll supplements and corrections as of the
23 date of the calculation, less the taxable value of property
24 exempted for the current tax year for the first time under Section
25 11.31, except that:

26 (A) the current total value for a school district
27 excludes:

1 (i) the total value of homesteads that
2 qualify for a tax limitation as provided by Section 11.26; and

3 (ii) new property value of property that is
4 subject to an agreement entered into under Chapter 313; ~~and~~

5 (B) the current total value for a county,
6 municipality, or junior college district excludes the total value
7 of homesteads that qualify for a tax limitation provided by Section
8 11.261; and

9 (C) the current total value for a taxing unit
10 excludes the total value of homesteads that qualify for a tax
11 limitation provided by Section 11.262.

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

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

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

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

1 excludes the total value of homesteads that qualified for a tax
2 limitation as provided by Section 11.262; and

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

5 (14) "Last year's total value" means the total taxable
6 value of property listed on the appraisal roll for the preceding
7 year, including all appraisal roll supplements and corrections,
8 other than corrections made pursuant to Section 25.25(d), as of the
9 date of the calculation, except that:

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

13 (B) last year's taxable value for a county,
14 municipality, or junior college district excludes the total value
15 of homesteads that qualified for a tax limitation as provided by
16 Section 11.261; and

17 (C) last year's taxable value for a taxing unit
18 excludes the total value of homesteads that qualified for a tax
19 limitation as provided by Section 11.262.

20 SECTION 4. Section 44.004(c), Education Code, is amended to
21 read as follows:

22 (c) The notice of public meeting to discuss and adopt the
23 budget and the proposed tax rate may not be smaller than one-quarter
24 page of a standard-size or a tabloid-size newspaper, and the
25 headline on the notice must be in 18-point or larger type. Subject
26 to Subsection (d), the notice must:

27 (1) contain a statement in the following form:

1 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND

2 PROPOSED TAX RATE

3 "The (name of school district) will hold a public
4 meeting at (time, date, year) in (name of room, building, physical
5 location, city, state). The purpose of this meeting is to discuss
6 the school district's budget that will determine the tax rate that
7 will be adopted. Public participation in the discussion is
8 invited." The statement of the purpose of the meeting must be in
9 bold type. In reduced type, the notice must state: "The tax rate
10 that is ultimately adopted at this meeting or at a separate meeting
11 at a later date may not exceed the proposed rate shown below unless
12 the district publishes a revised notice containing the same
13 information and comparisons set out below and holds another public
14 meeting to discuss the revised notice.";

15 (2) contain a section entitled "Comparison of Proposed
16 Rates with Last Year's Rates," which must:

17 (A) show in rows the tax rates described by
18 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
19 property, for columns entitled "Maintenance & Operations,"
20 "Interest & Sinking Fund," and "Total," which is the sum of
21 "Maintenance & Operations" and "Interest & Sinking Fund":

22 (i) the school district's "Last Year's
23 Rate";

24 (ii) the "Rate to Maintain Same Level of
25 Maintenance & Operations Revenue & Pay Debt Service," which:

26 (a) in the case of "Maintenance &
27 Operations," is the tax rate that, when applied to the current

1 taxable value for the district, as certified by the chief appraiser
2 under Section 26.01, Tax Code, and as adjusted to reflect changes
3 made by the chief appraiser as of the time the notice is prepared,
4 would impose taxes in an amount that, when added to state funds to
5 be distributed to the district under Chapter 42, would provide the
6 same amount of maintenance and operations taxes and state funds
7 distributed under Chapter 42 per student in average daily
8 attendance for the applicable school year that was available to the
9 district in the preceding school year; and

10 (b) in the case of "Interest & Sinking
11 Fund," is the tax rate that, when applied to the current taxable
12 value for the district, as certified by the chief appraiser under
13 Section 26.01, Tax Code, and as adjusted to reflect changes made by
14 the chief appraiser as of the time the notice is prepared, and when
15 multiplied by the district's anticipated collection rate, would
16 impose taxes in an amount that, when added to state funds to be
17 distributed to the district under Chapter 46 and any excess taxes
18 collected to service the district's debt during the preceding year
19 but not used for that purpose during that year, would provide the
20 amount required to service the district's debt; and

21 (iii) the "Proposed Rate";

22 (B) contain fourth and fifth columns aligned with
23 the columns required by Paragraph (A) that show, for each row
24 required by Paragraph (A):

25 (i) the "Local Revenue per Student," which
26 is computed by multiplying the district's total taxable value of
27 property, as certified by the chief appraiser for the applicable

1 school year under Section 26.01, Tax Code, and as adjusted to
2 reflect changes made by the chief appraiser as of the time the
3 notice is prepared, by the total tax rate, and dividing the product
4 by the number of students in average daily attendance in the
5 district for the applicable school year; and

6 (ii) the "State Revenue per Student," which
7 is computed by determining the amount of state aid received or to be
8 received by the district under Chapters 42, 43, and 46 and dividing
9 that amount by the number of students in average daily attendance in
10 the district for the applicable school year; and

11 (C) contain an asterisk after each calculation
12 for "Interest & Sinking Fund" and a footnote to the section that, in
13 reduced type, states "The Interest & Sinking Fund tax revenue is
14 used to pay for bonded indebtedness on construction, equipment, or
15 both. The bonds, and the tax rate necessary to pay those bonds,
16 were approved by the voters of this district.";

17 (3) contain a section entitled "Comparison of Proposed
18 Levy with Last Year's Levy on Average Residence," which must:

19 (A) show in rows the information described by
20 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
21 entitled "Last Year" and "This Year":

22 (i) "Average Market Value of Residences,"
23 determined using the same group of residences for each year;

24 (ii) "Average Taxable Value of Residences,"
25 determined after taking into account the limitation on the
26 appraised value of residences under Section 23.23, Tax Code, and
27 after subtracting all homestead exemptions applicable in each year,

1 other than exemptions available only to disabled persons or persons
2 65 years of age or older or their surviving spouses, and using the
3 same group of residences for each year;

4 (iii) "Last Year's Rate Versus Proposed
5 Rate per \$100 Value"; and

6 (iv) "Taxes Due on Average Residence,"
7 determined using the same group of residences for each year; and

8 (B) contain the following information:

9 "Increase (Decrease) in Taxes" expressed in dollars and cents,
10 which is computed by subtracting the "Taxes Due on Average
11 Residence" for the preceding tax year from the "Taxes Due on Average
12 Residence" for the current tax year;

13 (4) contain the following statement in bold print:

14 "Under state law, the dollar amount of school taxes imposed on the
15 residence of a person 65 years of age or older or of the surviving
16 spouse of such a person, if the surviving spouse was 55 years of age
17 or older when the person died, may not be increased above the amount
18 paid in the first year after the person turned 65, regardless of
19 changes in tax rate or property value.";

20 (5) if the school district has established a
21 limitation on the total amount of ad valorem taxes that may be
22 imposed by the district on the residence homestead of a person
23 serving on active duty in the United States armed forces under
24 Section 1-b(i), Article VIII, Texas Constitution, contain the
25 following statement in bold print: "Under state law, the dollar
26 amount of school taxes imposed on the residence homestead of a
27 person serving on active duty in the United States armed forces may

1 not be increased above the amount of taxes imposed on the property
2 in the preceding year, regardless of changes in tax rate or property
3 value.";

4 (6) contain the following statement in bold print:
5 "Notice of Rollback Rate: The highest tax rate the district can
6 adopt before requiring voter approval at an election is (the school
7 district rollback rate determined under Section 26.08, Tax Code).
8 This election will be automatically held if the district adopts a
9 rate in excess of the rollback rate of (the school district rollback
10 rate)."; and

11 (7) [~~(6)~~] contain a section entitled "Fund Balances,"
12 which must include the estimated amount of interest and sinking
13 fund balances and the estimated amount of maintenance and operation
14 or general fund balances remaining at the end of the current fiscal
15 year that are not encumbered with or by corresponding debt
16 obligation, less estimated funds necessary for the operation of the
17 district before the receipt of the first payment under Chapter 42 in
18 the succeeding school year.

19 SECTION 5. Section 403.302(d), Government Code, is amended
20 to read as follows:

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

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

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

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

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

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

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

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

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

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

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

6 (7) the portion of the appraised value of residence
7 homesteads of individuals who receive a tax limitation under
8 Section 11.26 or 11.262, Tax Code, on which school district taxes
9 are not imposed in the year that is the subject of the study,
10 calculated as if the residence homesteads were appraised at the
11 full value required by law;

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

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

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

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

27 (10) the appraised value of property the collection of

1 delinquent taxes on which is deferred under Section 33.06, Tax
2 Code;

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

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

10 SECTION 6. This Act takes effect January 1, 2006, and
11 applies only to ad valorem taxes imposed on or after that date, but
12 only if the constitutional amendment to authorize a political
13 subdivision to establish an ad valorem tax freeze on residence
14 homesteads of certain persons serving on active duty in the United
15 States armed forces is approved by the voters. If that amendment is
16 not approved by the voters, this Act has no effect.