

By: Villarreal

H.B. No. 2328

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 homesteads of certain elderly
4 individuals by a county.

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 Section 11.262 to read as follows:

8 Sec. 11.262. LIMITATION OF COUNTY TAX ON HOMESTEADS OF
9 ELDERLY. (a) This section applies only to a county that has
10 established a limitation on the total amount of taxes that may be
11 imposed by the county on the residence homestead of an individual 65
12 years of age or older under Section 1-b(i), Article VIII, Texas
13 Constitution. A tax limitation established under that subsection
14 applies to the imposition of taxes beginning with the first tax year
15 after the year in which the limitation is established.

16 (b) This section applies only to property that is the
17 residence homestead of an individual who receives an exemption for
18 the property under Section 11.13(c) for an individual 65 years of
19 age or older for all or part of the current year and whose household
20 income for the preceding year did not exceed the greater of \$35,000
21 or the median household income for individuals 65 years of age or
22 older, as determined by the Bureau of the Census of the United
23 States Department of Commerce for the most recent year for which
24 that data is available. Not later than February 1 of each tax year,

1 the comptroller shall determine for purposes of qualification for a
2 limitation under this section in the current year the applicable
3 median household income for individuals 65 years of age or older for
4 the preceding year and shall:

5 (1) publish that income amount in the Texas Register;
6 and

7 (2) notify each appraisal office of that
8 determination.

9 (c) A county may not increase the total annual amount of ad
10 valorem taxes it imposes on the residence homestead of an
11 individual to whom this section applies above the amount of the
12 taxes it imposed on the property in the preceding tax year if the
13 property qualified as the individual's residence homestead in the
14 preceding tax year. The tax officials shall appraise the property
15 to which this section applies and calculate taxes as on other
16 property, but if the tax so calculated exceeds the limitation
17 provided by this section, the tax imposed is the amount of the tax
18 as limited by this section, except as otherwise provided by this
19 section.

20 (d) If improvements have been made to the individual's
21 residence homestead, other than repairs and other than improvements
22 made to comply with governmental requirements, since the most
23 recent appraisal of the property, the county may increase the
24 amount of taxes on the homestead in the first year the appraised
25 value of the homestead is increased on the appraisal roll because of
26 the enhancement of value by the improvements. The amount of the tax
27 increase is determined by applying the current tax rate to the

1 difference in the appraised value of the homestead with the
2 improvements and the appraised value it would have had without the
3 improvements. A limitation imposed by this section then applies to
4 the increased amount of taxes on the residence homestead until more
5 improvements, if any, are made.

6 (e) To receive a limitation on tax increases under this
7 section, an individual claiming the limitation must file an
8 application for the limitation with the chief appraiser of the
9 appraisal district for the county. The chief appraiser shall
10 accept and approve or deny the application. A limitation under this
11 section, once allowed, need not be claimed in subsequent years and
12 applies to the property until the limitation expires as provided by
13 this section or until the individual's qualification for the
14 limitation ends. However, the chief appraiser may require an
15 individual allowed a limitation in a prior year to file a new
16 application to confirm the individual's current qualification for
17 the limitation by delivering, not later than April 1, a written
18 notice that a new application is required, accompanied by an
19 appropriate application form, to the individual previously allowed
20 the limitation.

21 (f) In this subsection, "driver's license" and "personal
22 identification certificate" have the meanings assigned by Section
23 11.43(f). The comptroller, in prescribing the contents of the
24 application form for a limitation on tax increases under this
25 section, shall ensure that the form requires an applicant to
26 provide the information necessary to determine the validity of the
27 limitation claim. The form must require an applicant to provide the

1 applicant's name and driver's license number, personal
2 identification certificate number, or social security number. The
3 comptroller shall include on the form:

4 (1) a notice of the penalties prescribed by Section
5 37.10, Penal Code, for making or filing an application containing a
6 false statement; and

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

11 (g) An individual who is required to apply for a limitation
12 on tax increases under this section to receive the limitation for a
13 tax year must apply for the limitation not later than May 1 or the
14 90th day after the date the individual initially becomes eligible
15 for an exemption under Section 11.13(c) for an individual 65 years
16 of age or older, whichever is later. Except as provided by
17 Subsection (h), if the individual fails to timely file a completed
18 application, the individual may not receive the limitation for that
19 year.

20 (h) The chief appraiser shall accept and approve or deny an
21 application for a limitation on tax increases under this section
22 after the deadline for filing the application has passed if the
23 application is filed not later than one year after the delinquency
24 date for the taxes on the property for that tax year. If a late
25 application is approved after approval of the appraisal records by
26 the appraisal review board, the chief appraiser shall notify the
27 collector for the county in which the property is located. If the

1 tax has not been paid, the collector shall deduct from the
2 individual's tax bill the difference between the taxes that would
3 have been due had the property not qualified for the limitation and
4 the taxes due after taking the limitation into account. If the tax
5 has been paid, the collector shall refund the difference.

6 (i) An individual who receives a limitation on tax increases
7 under this section shall notify the appraisal office in writing
8 before May 1 after the individual's qualification for the
9 limitation ends.

10 (j) If the appraisal roll provides for taxation of appraised
11 value for a prior year because a limitation on tax increases under
12 this section was erroneously allowed, the tax assessor for the
13 county shall add, as back taxes due as provided by Section 26.09(d),
14 the positive difference, if any, between the tax that should have
15 been imposed for that year and the tax that was imposed because of
16 this section.

17 (k) A limitation on tax increases under this section expires
18 on January 1 of the first tax year that:

19 (1) none of the owners of the property who qualified
20 for an exemption under Section 11.13(c) for an individual 65 years
21 of age or older and who owned the property when the limitation first
22 took effect is using the property as a residence homestead;

23 (2) none of the owners of the property qualifies for an
24 exemption under Section 11.13(c) for an individual 65 years of age
25 or older; or

26 (3) none of the owners of the property who met the
27 requirements of Subsection (b) when the limitation first took

1 effect meets the requirements of that subsection.

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

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

26 (n) In the year preceding the convening of the regular
27 session of the legislature in 2015 and in every 10th year after that

1 year, the Legislative Budget Board shall review the administration
2 of this section and shall examine the fiscal impact of the
3 limitation provided by this section on county taxes and the public
4 and the effectiveness of the limitation in assisting low and
5 moderate income individuals 65 years of age or older to maintain
6 home ownership. The Legislative Budget Board shall report the
7 results of the review to the legislature and may include in the
8 report any recommended revisions to this section and a
9 recommendation regarding whether to continue this section in
10 effect.

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

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

1 property.

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

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

21 (6) "Current total value" means the total taxable
22 value of property listed on the appraisal roll for the current year,
23 including all appraisal roll supplements and corrections as of the
24 date of the calculation, less the taxable value of property
25 exempted for the current tax year for the first time under Section
26 11.31, except that:

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

1 excludes:

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

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

6 (B) the current total value for a county,
7 municipality, or junior college district excludes the total value
8 of homesteads that qualify for a tax limitation provided by Section
9 11.261; and

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

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

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

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

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

1 Section 11.261, and last year's taxable value for a county excludes
2 the total value of homesteads that qualified for a tax limitation as
3 provided by Section 11.262; and

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

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

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

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

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

21 SECTION 4. This Act applies only to ad valorem taxes imposed
22 on or after the effective date of this Act.

23 SECTION 5. This Act takes effect January 1, 2006, but only
24 if the constitutional amendment to permit a county to establish an
25 ad valorem tax freeze on the residence homesteads of certain
26 elderly persons is approved by the voters. If that amendment is not
27 approved by the voters, this Act has no effect.