BILL ANALYSIS

C.S.H.B. 3667
By: Delisi
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, a person who constructs a home, on their existing property, under the housing rehabilitation program of the Texas Department of Housing and Community Affairs, will lose their current homestead tax limitation. C.S.H.B. 3667 seeks to remedy this by establishing that a taxing unit may not impose a tax that exceeds the amount imposed on the previous residence.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3667 amends Subchapter B, Chapter 11, Tax Code by adding Section 11.34 relating to the limitation of taxes on certain residence homesteads of the disabled or elderly. This section applies only to a residence homestead of a disabled person or a person who is 65 years or older that consists of a structure built on land that the person previously qualified as part of the person's former residence homestead and that was constructed under the federal community development block grant program using a nonentitlement grant or under a housing rehabilitation program of the Texas Department of Housing and Community Affairs or a successor program. A taxing unit may not impose taxes on a residence homestead to which this section applies in an amount that exceeds the amount of taxes imposed by the taxing unit on the former residence homestead in the last year in which the taxing unit imposed taxes on the homestead.

The bill states the tax officials shall appraise the property to which the limitation applies and calculate taxes as on other property, but, if the tax so calculated exceeds the limitation established under this section, the tax imposed is the amount of the tax as limited by this section, except as provided by Subsection (c) of the bill.

The bill states that if an individual makes improvements to the individual's residence homestead, other than improvements required to comply with governmental requirements or repairs, a taxing unit may increase the tax on the homestead in the first year the value of the homestead with the improvements and the assessed value it would have had without the improvements. A limitation imposed by this section then applies to the increased amount of a tax until more improvements, if any, are made.

The bill states the limitation on tax increases required by this section expires if on January 1 none of the owners of the structure who qualify for the limitation and who owned the structure who qualify for the limitation and who owned the structure when the limitation first took effect is using the structure as the person's residence homestead.

The bill states that if the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption was erroneously allowed, the tax assessor shall add, as back taxes due as provided by Section 26.09 (d), the positive difference if any between the tax that should have been imposed for that year and the tax that was imposed because of the provisions of this section.

The bill amends Sections 23.19 (b) and (g), Tax Code, to add for the purposes of administration of tax exemptions, determination of applicable limitations of taxes under Section 11.26, 11.261, or 11.34 and apportionment by a cooperative housing corporation of property taxes among its stockholders but is not the basis for determining value on which a tax is imposed under this title.

The bill amends Section 23.19 (g), Tax Code, to state each exemption claimed as provided by this title by a person entitled to the exemption shall also be deducted from the total appraised value of the property of the corporation. The total tax imposed by a taxing unit shall be reduced by any amount that represents an increase in taxes attributable to separately appraised interests of the real property and improvements that are subject to the limitation of taxes prescribed by Section 11.26, 11.261, or 11.34.

The bill amends Sections 26.012 (6), (13), and (14), Tax Code and establishes methods for the calculation of appraisal values and taxes by adding the current total value for a county, municipality, or junior college district excludes the total value of homesteads that qualify for a tax limitation provided by Section 11.261 applicable to the taxing unit; and the current total value for a taxing unit excludes the total value of homesteads that qualify for a taxing unit excludes the total value of homesteads that qualify for a tax limitation provided by Section 11.34 applicable to the taxing unit.

The bill authorizes tax assessors to add to the appraisal roll the positive difference of certain homestead exemptions erroneously applied in a previous year and amends the definition of "current total value", "last year's levy", and "last year's value" by adding, "the applicable to the taxing unit , and last year's taxable value for a taxing unit excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.34 applicable to the taxing unit", to each definition.

The bill amends Section 403.302 (d), Government Code, by adding the portion of appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26 or 11.34, Tax Code on which school districts are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law.

The bill states the effective date is January 1, 2008, but only upon C.S.H.J.R. 5 receiving the necessary vote of the legislature and voters, otherwise this Act has no effect.

EFFECTIVE DATE

January 1, 2008, but only upon C.S.H.J.R. 5 receiving the necessary vote of the legislature and voters, otherwise this Act has no effect.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3667 adds certain projects under a specified federal program as meeting the criteria of eligibility under Sec. 11.34.