

By: Watson

S.B. No. 1918

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a phase-in of the ad valorem taxes imposed by certain  
3 taxing units on the increase in market value of the residence  
4 homestead of a low-income or moderate-income person attributable to  
5 a new improvement to the homestead.

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

7 SECTION 1. Chapter 31, Tax Code, is amended by adding  
8 Section 31.054 to read as follows:

9 Sec. 31.054. TEMPORARY TAX RELIEF FOR NEW IMPROVEMENT TO  
10 CERTAIN RESIDENCE HOMESTEADS. (a) In this section, "new  
11 improvement" has the meaning assigned by Section 23.23.

12 (b) This section does not apply to taxes imposed by a school  
13 district or hospital district.

14 (c) A person is entitled to a reduction in the taxes imposed  
15 on the person's residence homestead by a taxing unit for the tax  
16 year in which the person applies for the reduction and for the  
17 following three tax years if the person:

18 (1) receives an exemption under Section 11.13 on the  
19 person's residence homestead;

20 (2) has made a new improvement to the homestead; and

21 (3) has a family income that is not more than the  
22 greater of:

23 (A) the area median family income for the  
24 household's place of residence, as adjusted for family size and as

1 established by the United States Department of Housing and Urban  
2 Development; or

3 (B) the statewide area median family income, as  
4 adjusted for family size and as established by the United States  
5 Department of Housing and Urban Development.

6 (d) To receive a tax reduction from a taxing unit under this  
7 section, a person must submit an application to the tax assessor for  
8 the taxing unit not later than May 1 of the tax year following the  
9 tax year in which the person makes a new improvement to the person's  
10 residence homestead.

11 (e) On receipt of the application, the assessor for the  
12 taxing unit shall deliver a copy of the application to the chief  
13 appraiser of the appraisal district that appraises the residence  
14 homestead for taxation by the taxing unit. The chief appraiser  
15 shall approve or deny the application and notify the applicant and  
16 assessor of the chief appraiser's determination. If the chief  
17 appraiser approves the application, the chief appraiser shall  
18 determine the ratio of the market value of the new improvement to  
19 the market value of the homestead for the current year and the  
20 following three years and deliver that information to the assessor  
21 in each of those years.

22 (f) In each tax year for which the person is entitled to a  
23 tax reduction under this section, the amount of the reduction under  
24 this section of the taxes imposed by the taxing unit on a person's  
25 residence homestead is equal to the amount computed by:

26 (1) multiplying the amount of taxes that would  
27 otherwise be imposed by the taxing unit on the homestead by the

1 ratio computed under Subsection (e); and

2 (2) multiplying the amount computed under Subdivision  
3 (1) by:

4 (A) 80 percent, for purposes of computing the  
5 amount of the tax credit in the tax year in which the person applies  
6 for the tax credit;

7 (B) 60 percent, for purposes of computing the  
8 amount of the tax credit in the first tax year after the tax year in  
9 which the person applies for the tax credit;

10 (C) 40 percent, for purposes of computing the  
11 amount of the tax credit in the second tax year after the tax year in  
12 which the person applies for the tax credit; and

13 (D) 20 percent, for purposes of computing the  
14 amount of the tax credit in the third tax year after the tax year in  
15 which the person applies for the tax credit.

16 SECTION 2. This Act takes effect January 1, 2008, but only  
17 if the constitutional amendment proposed by the 80th Legislature,  
18 Regular Session, 2007, authorizing the legislature to provide for a  
19 phase-in of the ad valorem taxes imposed by certain political  
20 subdivisions on the value of a new improvement to the residence  
21 homestead of a low-income or moderate-income person is approved by  
22 the voters. If that amendment is not approved by the voters, this  
23 Act has no effect.