

BILL ANALYSIS

H.B. 1037
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Ways & Means
Committee Report (Amended)

BACKGROUND AND PURPOSE

The Tax Code authorizes a homestead exemption from both county and local school district property taxes on the assessed value of a homeowner's residence homestead. Currently, if a homeowner acquires a property after January 1 of a given tax year, the homeowner cannot qualify for a homestead exemption until the following tax year.

H.B. 1037 allows a homeowner to qualify for a prorated homestead exemption on a primary residence from the time the homeowner qualifies for the exemption through the end of the calendar year, at which time the full exemption goes into effect.

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

H.B. 1037 amends the Tax Code to provide that if an individual acquires property after January 1 of a given tax year and qualifies for a residence homestead exemption from property taxes for an individual who is disabled or is at least 65 years of age, all other residential homestead exemptions for which the individual qualifies are calculated as if the individual qualified for each authorized exemption on January 1. The bill authorizes an individual who acquires property after January 1 of a tax year and qualifies the property for one or more homestead exemptions during that tax year, but who is not 65 years of age or older and whose property did not previously qualify for any homestead exemption for any portion of the tax year in which the property was acquired, to receive exemptions for the portion of that tax year for which the individual qualifies as soon as the individual qualifies.

H.B. 1037 exempts a residence homestead exemption from the process that prorates the loss of tax exemptions against a property that is eligible for taxation for only part of a year, unless the exemptions apply specifically to an individual 65 years of age or older. The bill requires that all homestead exemptions applicable to the property, other than an exemption for an individual who is disabled or is 65 years of age or older, be taken into account when calculating the amount of taxes that otherwise would be imposed on the former residence homestead for the entire year had the individual not qualified for the homestead exemption during the year.

H.B. 1037 establishes statutory formulas for calculating the property tax on a residence homestead that receives a homestead exemption, other than a homestead exemption for an individual 65 years of age or older, in a tax year in which the exemption begins, or expires during the tax year and thus is only in effect for a portion of the tax year. The bill establishes formulas that prorate the tax amount based on the proportional number of days, compared to 365 days, that the exemption is in effect during that tax year.

H.B. 1037 requires the assessor for each taxing unit to recalculate the amount of property tax due and correct the tax roll if an individual qualifies to receive a homestead exemption after January

1 and after the amount of tax due on the property has been calculated if the effect of a qualification is to reduce the amount of tax due on the property. The bill requires the assessor to mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent if the tax bill has been mailed but the property tax has not been paid and, if the tax on the property has been paid, requires the collector for the taxing unit to refund to the person who paid the tax the amount by which the payment exceeded the tax due.

H.B. 1037 provides that if an individual is disabled or is 65 years of age or older and acquires property after January 1 of the current tax year, the amount of tax due on the property is calculated as if the person qualified for each homestead exemption on January 1 of that tax year and continued to qualify for each exemption for the remainder of the tax year.

H.B. 1037 makes its provisions applicable only to a residence acquired on or after the effective date of the bill.

EFFECTIVE DATE

January 1, 2010.

EXPLANATION OF AMENDMENTS

Committee Amendment No. 1

H.B. 1037 is amended to establish that this bill does not make an appropriation and that its provisions take effect only if a specific appropriation for the bill's implementation that expressly references the bill is provided in a general appropriations act of the 81st Legislature.