

By: McReynolds

H.B. No. 1129

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of a hospital district to establish an ad
3 valorem tax freeze on the residence homesteads of disabled or
4 elderly persons and their surviving spouses.

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

6 SECTION 1. The heading to Section 11.261, Tax Code, is
7 amended to read as follows:

8 Sec. 11.261. LIMITATION OF COUNTY, MUNICIPAL, HOSPITAL
9 DISTRICT, OR JUNIOR COLLEGE DISTRICT TAX ON HOMESTEADS OF DISABLED
10 AND ELDERLY.

11 SECTION 2. Sections 11.261(a), (b), (c), (d), (e), (g),
12 (h), (i), (j), and (k), Tax Code, are amended to read as follows:

13 (a) This section applies only to a taxing unit that:

14 (1) is a county, municipality, hospital district, or
15 junior college district; and

16 (2) [~~that~~] has established a limitation on the total
17 amount of taxes that may be imposed by the county, municipality,
18 hospital district, or junior college district on the residence
19 homestead of a disabled individual or an individual 65 years of age
20 or older under Section 1-b(h), Article VIII, Texas Constitution.

21 (b) The tax officials shall appraise the property to which
22 the limitation applies and calculate taxes as on other property,
23 but if the tax so calculated exceeds the limitation provided by this
24 section, the tax imposed by a taxing unit is the amount of the tax as

1 limited by this section, except as otherwise provided by this
2 section. The taxing unit [~~county, municipality, or junior college~~
3 ~~district~~] may not increase the total annual amount of ad valorem
4 taxes the taxing unit [~~county, municipality, or junior college~~
5 ~~district~~] imposes on the residence homestead of a disabled
6 individual or an individual 65 years of age or older above the
7 amount of the taxes the taxing unit [~~county, municipality, or~~
8 ~~junior college district~~] imposed on the residence homestead in the
9 first tax year, other than a tax year preceding the tax year in
10 which the taxing unit [~~county, municipality, or junior college~~
11 ~~district~~] established the limitation described by Subsection (a),
12 in which the individual qualified that residence homestead for the
13 exemption provided by Section 11.13(c) for a disabled individual or
14 an individual 65 years of age or older. If the individual qualified
15 that residence homestead for the exemption after the beginning of
16 that first year and the residence homestead remains eligible for
17 the exemption for the next year, and if the [~~county, municipal, or~~
18 ~~junior college district~~] taxes imposed by the taxing unit on the
19 residence homestead in the next year are less than the amount of
20 taxes imposed in that first year, the taxing unit [~~a county,~~
21 ~~municipality, or junior college district~~] may not subsequently
22 increase the total annual amount of ad valorem taxes it imposes on
23 the residence homestead above the amount it imposed on the
24 residence homestead in the year immediately following the first
25 year, other than a tax year preceding the tax year in which the
26 taxing unit [~~county, municipality, or junior college district~~]
27 established the limitation described by Subsection (a), for which

1 the individual qualified that residence homestead for the
2 exemption.

3 (c) If an individual makes improvements to the individual's
4 residence homestead, other than repairs and other than improvements
5 required to comply with governmental requirements, the taxing unit
6 [~~county, municipality, or junior college district~~] may increase the
7 amount of taxes on the homestead in the first year the value of the
8 homestead is increased on the appraisal roll because of the
9 enhancement of value by the improvements. The amount of the tax
10 increase is determined by applying the current tax rate to the
11 difference between the appraised value of the homestead with the
12 improvements and the appraised value the homestead [~~it~~] would have
13 had without the improvements. A limitation provided by this
14 section then applies to the increased amount of [~~county, municipal,~~
15 ~~or junior college district~~] taxes on the residence homestead until
16 more improvements, if any, are made.

17 (d) A limitation on [~~county, municipal, or junior college~~
18 ~~district~~] tax increases by a taxing unit provided by this section
19 expires if on January 1:

20 (1) none of the owners of the structure who qualify for
21 the exemption provided by Section 11.13(c) for a disabled
22 individual or an individual 65 years of age or older and who owned
23 the structure when the limitation provided by this section first
24 took effect is using the structure as a residence homestead; or

25 (2) none of the owners of the structure qualifies for
26 the exemption provided by Section 11.13(c) for a disabled
27 individual or an individual 65 years of age or older.

1 (e) If the appraisal roll provides for taxation of appraised
2 value for a prior year because a residence homestead exemption for
3 disabled individuals or individuals 65 years of age or older was
4 erroneously allowed, the tax assessor for the applicable taxing
5 unit [~~county, municipality, or junior college district~~] shall add,
6 as back taxes due as provided by Section 26.09(d), the positive
7 difference, if any, between the tax that should have been imposed
8 for that year and the tax that was imposed because of the provisions
9 of this section.

10 (g) Except as provided by Subsection (c), if an individual
11 who receives a limitation on [~~county, municipal, or junior college~~
12 ~~district~~] tax increases by a taxing unit provided by this section
13 subsequently qualifies a different residence homestead in the same
14 taxing unit [~~county, municipality, or junior college district~~] for
15 an exemption under Section 11.13, the taxing unit [~~county,~~
16 ~~municipality, or junior college district~~] may not impose ad valorem
17 taxes on the subsequently qualified homestead in a year in an amount
18 that exceeds the amount of taxes the taxing unit [~~county,~~
19 ~~municipality, or junior college district~~] would have imposed on the
20 subsequently qualified homestead in the first year in which the
21 individual receives that exemption for the subsequently qualified
22 homestead had the limitation on tax increases provided by this
23 section not been in effect, multiplied by a fraction the numerator
24 of which is the total amount of taxes the taxing unit [~~county,~~
25 ~~municipality, or junior college district~~] imposed on the former
26 homestead in the last year in which the individual received that
27 exemption for the former homestead and the denominator of which is

1 the total amount of taxes the taxing unit [~~county, municipality, or~~
2 ~~junior college district~~] would have imposed on the former homestead
3 in the last year in which the individual received that exemption for
4 the former homestead had the limitation on tax increases provided
5 by this section not been in effect.

6 (h) An individual who receives a limitation on [~~county,~~
7 ~~municipal, or junior college district~~] tax increases by a taxing
8 unit under this section and who subsequently qualifies a different
9 residence homestead in the same taxing unit [~~county, municipality,~~
10 ~~or junior college district~~] for an exemption under Section 11.13,
11 or an agent of the individual, is entitled to receive from the chief
12 appraiser of the appraisal district in which the former homestead
13 was located a written certificate providing the information
14 necessary to determine whether the individual may qualify for a
15 limitation on the subsequently qualified homestead under
16 Subsection (g) and to calculate the amount of taxes the taxing unit
17 [~~county, municipality, or junior college district~~] may impose on
18 the subsequently qualified homestead.

19 (i) If an individual who qualifies for a limitation on
20 [~~county, municipal, or junior college district~~] tax increases by a
21 taxing unit under this section dies, the surviving spouse of the
22 individual is entitled to the limitation on taxes imposed by the
23 taxing unit [~~county, municipality, or junior college district~~] on
24 the residence homestead of the individual if:

25 (1) the surviving spouse is disabled or is 55 years of
26 age or older when the individual dies; and

27 (2) the residence homestead of the individual:

1 (A) is the residence homestead of the surviving
2 spouse on the date that the individual dies; and

3 (B) remains the residence homestead of the
4 surviving spouse.

5 (j) If an individual who is 65 years of age or older and
6 qualifies for a limitation on [~~county, municipal, or junior college~~
7 ~~district~~] tax increases for the elderly under this section dies in
8 the first year in which the individual qualified for the limitation
9 and the individual first qualified for the limitation after the
10 beginning of that year, except as provided by Subsection (k), the
11 amount to which the surviving spouse's [~~county, municipal, or~~
12 ~~junior college district~~] taxes are limited under Subsection (i) is
13 the amount of taxes imposed by the taxing unit to which the
14 limitation applies [~~county, municipality, or junior college~~
15 ~~district, as applicable,~~] on the residence homestead in that year
16 determined as if the individual qualifying for the exemption had
17 lived for the entire year.

18 (k) If in the first tax year after the year in which an
19 individual who is 65 years of age or older dies under the
20 circumstances described by Subsection (j) the amount of taxes
21 imposed by a taxing unit [~~county, municipality, or junior college~~
22 ~~district~~] on the residence homestead of the surviving spouse is
23 less than the amount of taxes imposed by the taxing unit [~~county,~~
24 ~~municipality, or junior college district~~] in the preceding year as
25 limited by Subsection (j), in a subsequent tax year the surviving
26 spouse's taxes imposed by the taxing unit [~~county, municipality, or~~
27 ~~junior college district~~] on that residence homestead are limited to

1 the amount of taxes imposed by the taxing unit [~~county,~~
2 ~~municipality, or junior college district~~] in that first tax year
3 after the year in which the individual dies.

4 SECTION 3. Section 23.19(g), Tax Code, is amended to read as
5 follows:

6 (g) A tax bill or a separate statement accompanying the tax
7 bill to a cooperative housing corporation for which interests of
8 stockholders are separately appraised under this section must
9 state, in addition to the information required by Section 31.01,
10 the appraised value and taxable value of each interest separately
11 appraised. Each exemption claimed as provided by this title by a
12 person entitled to the exemption shall also be deducted from the
13 total appraised value of the property of the corporation. The total
14 tax imposed by a school district, county, municipality, hospital
15 district, or junior college district shall be reduced by any amount
16 that represents an increase in taxes attributable to separately
17 appraised interests of the real property and improvements that are
18 subject to the limitation of taxes prescribed by Section 11.26 or
19 11.261. The corporation shall apportion among its stockholders
20 liability for reimbursing the corporation for property taxes
21 according to the relative taxable values of their interests.

22 SECTION 4. Sections 26.012(6), (13), and (14), Tax Code,
23 are amended to read as follows:

24 (6) "Current total value" means the total taxable
25 value of property listed on the appraisal roll for the current year,
26 including all appraisal roll supplements and corrections as of the
27 date of the calculation, less the taxable value of property

1 exempted for the current tax year for the first time under Section
2 11.31, except that:

3 (A) the current total value for a school district
4 excludes:

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

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

9 (B) the current total value for a county,
10 municipality, hospital district, or junior college district
11 excludes the total value of homesteads that qualify for a tax
12 limitation provided by Section 11.261.

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, hospital district, or junior college district
27 excludes the total value of homesteads that qualified for a tax

1 limitation as provided by Section 11.261; and

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

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

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

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

16 SECTION 5. This Act applies only to ad valorem taxes imposed
17 for a tax year beginning on or after the effective date of this Act.

18 SECTION 6. This Act takes effect January 1, 2010, but only
19 if the constitutional amendment to authorize a hospital district to
20 establish an ad valorem tax freeze on the residence homesteads of
21 disabled or elderly persons and their surviving spouses is approved
22 by the voters. If that amendment is not approved by the voters,
23 this Act has no effect.