

By: Sheffield

H.B. No. 2878

Substitute the following for H.B. No. 2878:

By: Oliveira

C.S.H.B. No. 2878

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the establishment for purposes of ad valorem taxation
3 of an initial limit on the appraised value of the residence
4 homestead of a disabled or elderly person that was rehabilitated or
5 constructed as a replacement residence under the federal community
6 development block grant program or a housing rehabilitation program
7 of the Texas Department of Housing and Community Affairs.

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

9 SECTION 1. Subchapter B, Chapter 23, Tax Code, is amended by
10 adding Section 23.26 to read as follows:

11 Sec. 23.26. APPRAISAL OF CERTAIN REHABILITATED OR
12 REPLACEMENT RESIDENCE HOMESTEADS. (a) In this section, "disabled"
13 and "residence homestead" have the meanings assigned by Section
14 11.13.

15 (b) This section applies only to the residence homestead of
16 a disabled person or a person who is 65 years of age or older that
17 the person previously qualified for an exemption under Section
18 11.13 and that was rehabilitated or constructed as a replacement
19 residence under the federal community development block grant
20 program or under a housing rehabilitation program of the Texas
21 Department of Housing and Community Affairs or a successor program.

22 (c) For the first tax year following the year in which the
23 residence homestead was rehabilitated or constructed, the
24 appraised value of the property is equal to the lesser of:

1 (1) the market value of the property; or

2 (2) the sum of:

3 (A) 10 percent of the appraised value of the
4 property for the preceding tax year; and

5 (B) the appraised value of the property for the
6 preceding tax year.

7 (d) When appraising the property for the first tax year
8 following the year in which the residence homestead was
9 rehabilitated or constructed, the chief appraiser shall:

10 (1) appraise the property at its market value; and

11 (2) include in the appraisal records both the market
12 value of the property and the amount under Subsection (c)(2).

13 (e) If the owner of the property immediately before the
14 residence homestead was rehabilitated or constructed, or that
15 owner's spouse or surviving spouse, ceases to qualify the property
16 for an exemption under Section 11.13(b), for the following tax year
17 the chief appraiser shall appraise the property at its market value
18 as of January 1 of that year.

19 SECTION 2. Section 1.12(d), Tax Code, is amended to read as
20 follows:

21 (d) For purposes of this section, the appraisal ratio of a
22 homestead to which Section 23.23 or 23.26 applies is the ratio of
23 the property's market value as determined by the appraisal district
24 or appraisal review board, as applicable, to the market value of the
25 property according to law. The appraisal ratio is not calculated
26 according to the appraised value of the property as limited by
27 Section 23.23 or 23.26.

1 SECTION 3. Section 42.26(d), Tax Code, is amended to read as
2 follows:

3 (d) For purposes of this section, the value of the property
4 subject to the suit and the value of a comparable property or sample
5 property that is used for comparison must be the market value
6 determined by the appraisal district when the property is a
7 residence homestead subject to the limitation on appraised value
8 imposed by Section 23.23 or 23.26.

9 SECTION 4. Section 44.004(c), Education Code, is amended to
10 read as follows:

11 (c) The notice of public meeting to discuss and adopt the
12 budget and the proposed tax rate may not be smaller than one-quarter
13 page of a standard-size or a tabloid-size newspaper, and the
14 headline on the notice must be in 18-point or larger type. Subject
15 to Subsection (d), the notice must:

16 (1) contain a statement in the following form:

17 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
18 "The (name of school district) will hold a public meeting at
19 (time, date, year) in (name of room, building, physical location,
20 city, state). The purpose of this meeting is to discuss the school
21 district's budget that will determine the tax rate that will be
22 adopted. Public participation in the discussion is invited." The
23 statement of the purpose of the meeting must be in bold type. In
24 reduced type, the notice must state: "The tax rate that is
25 ultimately adopted at this meeting or at a separate meeting at a
26 later date may not exceed the proposed rate shown below unless the
27 district publishes a revised notice containing the same information

1 and comparisons set out below and holds another public meeting to
2 discuss the revised notice.";

3 (2) contain a section entitled "Comparison of Proposed
4 Budget with Last Year's Budget," which must show the difference,
5 expressed as a percent increase or decrease, as applicable, in the
6 amounts budgeted for the preceding fiscal year and the amount
7 budgeted for the fiscal year that begins in the current tax year for
8 each of the following:

9 (A) maintenance and operations;

10 (B) debt service; and

11 (C) total expenditures;

12 (3) contain a section entitled "Total Appraised Value
13 and Total Taxable Value," which must show the total appraised value
14 and the total taxable value of all property and the total appraised
15 value and the total taxable value of new property taxable by the
16 district in the preceding tax year and the current tax year as
17 calculated under Section 26.04, Tax Code;

18 (4) contain a statement of the total amount of the
19 outstanding and unpaid bonded indebtedness of the school district;

20 (5) contain a section entitled "Comparison of Proposed
21 Rates with Last Year's Rates," which must:

22 (A) show in rows the tax rates described by
23 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
24 property, for columns entitled "Maintenance & Operations,"
25 "Interest & Sinking Fund," and "Total," which is the sum of
26 "Maintenance & Operations" and "Interest & Sinking Fund":

27 (i) the school district's "Last Year's

1 Rate";

2 (ii) the "Rate to Maintain Same Level of
3 Maintenance & Operations Revenue & Pay Debt Service," which:

4 (a) in the case of "Maintenance &
5 Operations," is the tax rate that, when applied to the current
6 taxable value for the district, as certified by the chief appraiser
7 under Section 26.01, Tax Code, and as adjusted to reflect changes
8 made by the chief appraiser as of the time the notice is prepared,
9 would impose taxes in an amount that, when added to state funds to
10 be distributed to the district under Chapter 42, would provide the
11 same amount of maintenance and operations taxes and state funds
12 distributed under Chapter 42 per student in average daily
13 attendance for the applicable school year that was available to the
14 district in the preceding school year; and

15 (b) in the case of "Interest & Sinking
16 Fund," is the tax rate that, when applied to the current taxable
17 value for the district, as certified by the chief appraiser under
18 Section 26.01, Tax Code, and as adjusted to reflect changes made by
19 the chief appraiser as of the time the notice is prepared, and when
20 multiplied by the district's anticipated collection rate, would
21 impose taxes in an amount that, when added to state funds to be
22 distributed to the district under Chapter 46 and any excess taxes
23 collected to service the district's debt during the preceding tax
24 year but not used for that purpose during that year, would provide
25 the amount required to service the district's debt; and

26 (iii) the "Proposed Rate";

27 (B) contain fourth and fifth columns aligned with

1 the columns required by Paragraph (A) that show, for each row
2 required by Paragraph (A):

3 (i) the "Local Revenue per Student," which
4 is computed by multiplying the district's total taxable value of
5 property, as certified by the chief appraiser for the applicable
6 school year under Section 26.01, Tax Code, and as adjusted to
7 reflect changes made by the chief appraiser as of the time the
8 notice is prepared, by the total tax rate, and dividing the product
9 by the number of students in average daily attendance in the
10 district for the applicable school year; and

11 (ii) the "State Revenue per Student," which
12 is computed by determining the amount of state aid received or to be
13 received by the district under Chapters 42, 43, and 46 and dividing
14 that amount by the number of students in average daily attendance in
15 the district for the applicable school year; and

16 (C) contain an asterisk after each calculation
17 for "Interest & Sinking Fund" and a footnote to the section that, in
18 reduced type, states "The Interest & Sinking Fund tax revenue is
19 used to pay for bonded indebtedness on construction, equipment, or
20 both. The bonds, and the tax rate necessary to pay those bonds,
21 were approved by the voters of this district.";

22 (6) contain a section entitled "Comparison of Proposed
23 Levy with Last Year's Levy on Average Residence," which must:

24 (A) show in rows the information described by
25 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
26 entitled "Last Year" and "This Year":

27 (i) "Average Market Value of Residences,"

1 determined using the same group of residences for each year;

2 (ii) "Average Taxable Value of Residences,"
3 determined after taking into account the limitation on the
4 appraised value of residences under Section 23.23 or 23.26, Tax
5 Code, and after subtracting all homestead exemptions applicable in
6 each year, other than exemptions available only to disabled persons
7 or persons 65 years of age or older or their surviving spouses, and
8 using the same group of residences for each year;

9 (iii) "Last Year's Rate Versus Proposed
10 Rate per \$100 Value"; and

11 (iv) "Taxes Due on Average Residence,"
12 determined using the same group of residences for each year; and

13 (B) contain the following
14 information: "Increase (Decrease) in Taxes" expressed in dollars
15 and cents, which is computed by subtracting the "Taxes Due on
16 Average Residence" for the preceding tax year from the "Taxes Due on
17 Average Residence" for the current tax year;

18 (7) contain the following statement in bold
19 print: "Under state law, the dollar amount of school taxes imposed
20 on the residence of a person 65 years of age or older or of the
21 surviving spouse of such a person, if the surviving spouse was 55
22 years of age or older when the person died, may not be increased
23 above the amount paid in the first year after the person turned 65,
24 regardless of changes in tax rate or property value.";

25 (8) contain the following statement in bold
26 print: "Notice of Rollback Rate: The highest tax rate the
27 district can adopt before requiring voter approval at an election

1 is (the school district rollback rate determined under Section
2 26.08, Tax Code). This election will be automatically held if the
3 district adopts a rate in excess of the rollback rate of (the school
4 district rollback rate)."; and

5 (9) contain a section entitled "Fund Balances," which
6 must include the estimated amount of interest and sinking fund
7 balances and the estimated amount of maintenance and operation or
8 general fund balances remaining at the end of the current fiscal
9 year that are not encumbered with or by corresponding debt
10 obligation, less estimated funds necessary for the operation of the
11 district before the receipt of the first payment under Chapter 42 in
12 the succeeding school year.

13 SECTION 5. Sections 403.302(d) and (i), Government Code,
14 are amended to read as follows:

15 (d) For the purposes of this section, "taxable value" means
16 the market value of all taxable property less:

17 (1) the total dollar amount of any residence homestead
18 exemptions lawfully granted under Section 11.13(b) or (c), Tax
19 Code, in the year that is the subject of the study for each school
20 district;

21 (2) one-half of the total dollar amount of any
22 residence homestead exemptions granted under Section 11.13(n), Tax
23 Code, in the year that is the subject of the study for each school
24 district;

25 (3) the total dollar amount of any exemptions granted
26 before May 31, 1993, within a reinvestment zone under agreements
27 authorized by Chapter 312, Tax Code;

1 (4) subject to Subsection (e), the total dollar amount
2 of any captured appraised value of property that:

3 (A) is within a reinvestment zone created on or
4 before May 31, 1999, or is proposed to be included within the
5 boundaries of a reinvestment zone as the boundaries of the zone and
6 the proposed portion of tax increment paid into the tax increment
7 fund by a school district are described in a written notification
8 provided by the municipality or the board of directors of the zone
9 to the governing bodies of the other taxing units in the manner
10 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
11 within the boundaries of the zone as those boundaries existed on
12 September 1, 1999, including subsequent improvements to the
13 property regardless of when made;

14 (B) generates taxes paid into a tax increment
15 fund created under Chapter 311, Tax Code, under a reinvestment zone
16 financing plan approved under Section 311.011(d), Tax Code, on or
17 before September 1, 1999; and

18 (C) is eligible for tax increment financing under
19 Chapter 311, Tax Code;

20 (5) for a school district for which a deduction from
21 taxable value is made under Subdivision (4), an amount equal to the
22 taxable value required to generate revenue when taxed at the school
23 district's current tax rate in an amount that, when added to the
24 taxes of the district paid into a tax increment fund as described by
25 Subdivision (4)(B), is equal to the total amount of taxes the
26 district would have paid into the tax increment fund if the district
27 levied taxes at the rate the district levied in 2005;

1 (6) the total dollar amount of any captured appraised
2 value of property that:

3 (A) is within a reinvestment zone:

4 (i) created on or before December 31, 2008,
5 by a municipality with a population of less than 18,000; and

6 (ii) the project plan for which includes
7 the alteration, remodeling, repair, or reconstruction of a
8 structure that is included on the National Register of Historic
9 Places and requires that a portion of the tax increment of the zone
10 be used for the improvement or construction of related facilities
11 or for affordable housing;

12 (B) generates school district taxes that are paid
13 into a tax increment fund created under Chapter 311, Tax Code; and

14 (C) is eligible for tax increment financing under
15 Chapter 311, Tax Code;

16 (7) the total dollar amount of any exemptions granted
17 under Section 11.251 or 11.253, Tax Code;

18 (8) the difference between the comptroller's estimate
19 of the market value and the productivity value of land that
20 qualifies for appraisal on the basis of its productive capacity,
21 except that the productivity value estimated by the comptroller may
22 not exceed the fair market value of the land;

23 (9) the portion of the appraised value of residence
24 homesteads of individuals who receive a tax limitation under
25 Section 11.26, Tax Code, on which school district taxes are not
26 imposed in the year that is the subject of the study, calculated as
27 if the residence homesteads were appraised at the full value

1 required by law;

2 (10) a portion of the market value of property not
3 otherwise fully taxable by the district at market value because of:

4 (A) action required by statute or the
5 constitution of this state that, if the tax rate adopted by the
6 district is applied to it, produces an amount equal to the
7 difference between the tax that the district would have imposed on
8 the property if the property were fully taxable at market value and
9 the tax that the district is actually authorized to impose on the
10 property, if this subsection does not otherwise require that
11 portion to be deducted; or

12 (B) action taken by the district under Subchapter
13 B or C, Chapter 313, Tax Code;

14 (11) the market value of all tangible personal
15 property, other than manufactured homes, owned by a family or
16 individual and not held or used for the production of income;

17 (12) the appraised value of property the collection of
18 delinquent taxes on which is deferred under Section 33.06, Tax
19 Code;

20 (13) the portion of the appraised value of property
21 the collection of delinquent taxes on which is deferred under
22 Section 33.065, Tax Code; and

23 (14) the amount by which the market value of a
24 residence homestead to which Section 23.23 or 23.26, Tax Code,
25 applies exceeds the appraised value of that property as calculated
26 under that section.

27 (i) If the comptroller determines in the annual study that

1 the market value of property in a school district as determined by
2 the appraisal district that appraises property for the school
3 district, less the total of the amounts and values listed in
4 Subsection (d) as determined by that appraisal district, is valid,
5 the comptroller, in determining the taxable value of property in
6 the school district under Subsection (d), shall for purposes of
7 Subsection (d)(14) subtract from the market value as determined by
8 the appraisal district of residence homesteads to which Section
9 23.23 or 23.26, Tax Code, applies the amount by which that amount
10 exceeds the appraised value of those properties as calculated by
11 the appraisal district under Section 23.23 or 23.26, Tax Code. If
12 the comptroller determines in the annual study that the market
13 value of property in a school district as determined by the
14 appraisal district that appraises property for the school district,
15 less the total of the amounts and values listed in Subsection (d) as
16 determined by that appraisal district, is not valid, the
17 comptroller, in determining the taxable value of property in the
18 school district under Subsection (d), shall for purposes of
19 Subsection (d)(14) subtract from the market value as estimated by
20 the comptroller of residence homesteads to which Section 23.23 or
21 23.26, Tax Code, applies the amount by which that amount exceeds the
22 appraised value of those properties as calculated by the appraisal
23 district under Section 23.23 or 23.26, Tax Code.

24 SECTION 6. This Act applies only to ad valorem taxes imposed
25 for a tax year beginning on or after the effective date of this Act.

26 SECTION 7. This Act takes effect January 1, 2010, but only
27 if the constitutional amendment authorizing the legislature to

1 establish for purposes of ad valorem taxation an initial limit on
2 the appraised value of the residence homestead of a disabled or
3 elderly person that was rehabilitated or constructed as a
4 replacement residence under the federal community development
5 block grant program or a housing rehabilitation program of the
6 Texas Department of Housing and Community Affairs is approved by
7 the voters. If that amendment is not approved by the voters, this
8 Act has no effect.