

By: Madden

H.B. No. 1880

A BILL TO BE ENTITLED

AN ACT

relating to a limitation on the appraised value for ad valorem tax purposes of certain residence homesteads of certain veterans.

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

SECTION 1. Section 1.12(d), Tax Code, is amended to read as follows:

(d) For purposes of this section, the appraisal ratio of a homestead to which Section 23.23 or 23.231 applies is the ratio of the property's market value as determined by the appraisal district or appraisal review board, as applicable, to the market value of the property according to law. The appraisal ratio is not calculated according to the appraised value of the property as limited by Section 23.23 or 23.231.

SECTION 2. The heading to Section 23.23, Tax Code, is amended to read as follows:

Sec. 23.23. LIMITATION ON APPRAISED VALUE OF RESIDENCE HOMESTEAD IN GENERAL.

SECTION 3. Subchapter B, Chapter 23, Tax Code, is amended by adding Section 23.231 to read as follows:

Sec. 23.231. LIMITATION ON APPRAISED VALUE OF RESIDENCE HOMESTEADS OF CERTAIN VETERANS. (a) This section applies only to a residence homestead owned by a veteran of the armed services of the United States that was donated to or renovated for the veteran at no charge to the veteran.

1        (b) Notwithstanding the requirements of Section 25.18 and  
2 regardless of whether the appraisal office has appraised the  
3 property and determined the market value of the property for the tax  
4 year, an appraisal office may increase the appraised value of a  
5 residence homestead for a tax year to an amount not to exceed the  
6 lesser of:

7            (1) the market value of the property for the most  
8 recent tax year that the market value was determined by the  
9 appraisal office;

10           (2) for a residence homestead donated to a veteran,  
11 the sum of:

12                    (A) the appraised value of the land; and

13                    (B) \$150,000; or

14           (3) for a residence homestead renovated at no charge  
15 to a veteran, the sum of:

16                    (A) the appraised value of the property for the  
17 tax year preceding the renovation; and

18                    (B) the market value of all new improvements to  
19 the property that are not renovations described by Subsection (a).

20        (c) When appraising a residence homestead, the chief  
21 appraiser shall:

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

23                    (2) include in the appraisal records both the market  
24 value of the property and the amount computed under Subsection  
25 (b)(2) or (3), as applicable.

26        (d) The limitation provided by Subsection (b):

27                    (1) takes effect as to a residence homestead beginning

1 on January 1 of the tax year following the first tax year the owner  
2 qualifies the property for the limitation; and

3 (2) expires on January 1 of the first tax year the  
4 property ceases to qualify for the limitation.

5 (e) This section does not apply to property appraised under  
6 Subchapter C, D, E, F, G, or H.

7 (f) In this section, "new improvement" means an improvement  
8 to a residence homestead made after the most recent appraisal of the  
9 property that increases the market value of the property and the  
10 value of which is not included in the appraised value of the  
11 property for the preceding tax year. The term does not include  
12 repairs to or ordinary maintenance of an existing structure or the  
13 grounds or another feature of the property.

14 (g) Notwithstanding Subsections (b) and (f) and except as  
15 provided by Subdivision (2), an improvement to property that would  
16 otherwise constitute a new improvement is not treated as a new  
17 improvement if the improvement is a replacement structure for a  
18 structure that was rendered uninhabitable or unusable by a casualty  
19 or by wind or water damage. For purposes of appraising the property  
20 under Subsection (b) in the tax year in which the structure would  
21 have constituted a new improvement:

22 (1) the appraised value the property would have had in  
23 the preceding tax year if the casualty or damage had not occurred is  
24 considered to be the appraised value of the property for that year,  
25 regardless of whether that appraised value exceeds the actual  
26 appraised value of the property for that year as limited by  
27 Subsection (b); and

1           (2) the replacement structure is considered to be a  
2 new improvement only if:

3                   (A) the square footage of the replacement  
4 structure exceeds that of the replaced structure as that structure  
5 existed before the casualty or damage occurred; or

6                   (B) the exterior of the replacement structure is  
7 of higher quality construction and composition than that of the  
8 replaced structure.

9           (h) To receive a limitation under Subsection (b), a person  
10 claiming the limitation must apply for the limitation by filing an  
11 application with the chief appraiser of the appraisal district.  
12 For property appraised by more than one appraisal district, a  
13 separate application must be filed in each appraisal district to  
14 receive the limitation in that district. A limitation under  
15 Subsection (b), once allowed, need not be claimed in subsequent  
16 years and applies to the property until the limitation expires as  
17 provided by this section. However, the chief appraiser may require  
18 a person allowed a limitation in a prior year to file a new  
19 application to confirm the person's current qualification for the  
20 limitation by delivering not later than April 1 a written notice  
21 that a new application is required, accompanied by an appropriate  
22 application form, to the person previously allowed the limitation.  
23 The comptroller, in prescribing the contents of the application  
24 form, shall ensure that the form requires an applicant to provide  
25 the information necessary to determine the validity of the  
26 limitation claim. To the extent practicable, the provisions of  
27 this code applicable to an application for a residence homestead

1 exemption apply to an application under this subsection, including  
2 the provisions of Section 11.431 relating to late applications. A  
3 person who receives a limitation under Subsection (b) shall notify  
4 the appraisal office in writing before May 1 after the person's  
5 qualification for the limitation ends.

6 SECTION 4. Section 42.26(d), Tax Code, is amended to read as  
7 follows:

8 (d) For purposes of this section, the value of the property  
9 subject to the suit and the value of a comparable property or sample  
10 property that is used for comparison must be the market value  
11 determined by the appraisal district when the property is a  
12 residence homestead subject to the limitation on appraised value  
13 imposed by Section 23.23 or 23.231.

14 SECTION 5. Section 44.004(c), Education Code, is amended to  
15 read as follows:

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

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

22 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE  
23 "The (name of school district) will hold a public meeting at  
24 (time, date, year) in (name of room, building, physical location,  
25 city, state). The purpose of this meeting is to discuss the school  
26 district's budget that will determine the tax rate that will be  
27 adopted. Public participation in the discussion is invited." The

1 statement of the purpose of the meeting must be in bold type. In  
2 reduced type, the notice must state: "The tax rate that is  
3 ultimately adopted at this meeting or at a separate meeting at a  
4 later date may not exceed the proposed rate shown below unless the  
5 district publishes a revised notice containing the same information  
6 and comparisons set out below and holds another public meeting to  
7 discuss the revised notice.";

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

14 (A) maintenance and operations;

15 (B) debt service; and

16 (C) total expenditures;

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

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

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

27 (A) show in rows the tax rates described by

1 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
2 property, for columns entitled "Maintenance & Operations,"  
3 "Interest & Sinking Fund," and "Total," which is the sum of  
4 "Maintenance & Operations" and "Interest & Sinking Fund":

5 (i) the school district's "Last Year's  
6 Rate";

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

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

20 (b) in the case of "Interest & Sinking  
21 Fund," is the tax rate that, when applied to the current taxable  
22 value for the district, as certified by the chief appraiser under  
23 Section 26.01, Tax Code, and as adjusted to reflect changes made by  
24 the chief appraiser as of the time the notice is prepared, and when  
25 multiplied by the district's anticipated collection rate, would  
26 impose taxes in an amount that, when added to state funds to be  
27 distributed to the district under Chapter 46 and any excess taxes

1 collected to service the district's debt during the preceding tax  
2 year but not used for that purpose during that year, would provide  
3 the amount required to service the district's debt; and

4 (iii) the "Proposed Rate";

5 (B) contain fourth and fifth columns aligned with  
6 the columns required by Paragraph (A) that show, for each row  
7 required by Paragraph (A):

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

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

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

27 (6) contain a section entitled "Comparison of Proposed



1 Levy with Last Year's Levy on Average Residence," which must:

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

5 (i) "Average Market Value of Residences,"  
6 determined using the same group of residences for each year;

7 (ii) "Average Taxable Value of Residences,"  
8 determined after taking into account the limitations [~~limitation~~]  
9 on the appraised value of residences under Sections [~~Section~~] 23.23  
10 and 23.231, Tax Code, and after subtracting all homestead  
11 exemptions applicable in each year, other than exemptions available  
12 only to disabled persons or persons 65 years of age or older or  
13 their surviving spouses, and using the same group of residences for  
14 each year;

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

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

19 (B) contain the following information: "Increase  
20 (Decrease) in Taxes" expressed in dollars and cents, which is  
21 computed by subtracting the "Taxes Due on Average Residence" for  
22 the preceding tax year from the "Taxes Due on Average Residence" for  
23 the current tax year;

24 (7) contain the following statement in bold print:  
25 "Under state law, the dollar amount of school taxes imposed on the  
26 residence of a person 65 years of age or older or of the surviving  
27 spouse of such a person, if the surviving spouse was 55 years of age

1 or older when the person died, may not be increased above the amount  
2 paid in the first year after the person turned 65, regardless of  
3 changes in tax rate or property value.";

4 (8) contain the following statement in bold print:  
5 "Notice of Rollback Rate: The highest tax rate the district can  
6 adopt before requiring voter approval at an election is (the school  
7 district rollback rate determined under Section 26.08, Tax Code).  
8 This election will be automatically held if the district adopts a  
9 rate in excess of the rollback rate of (the school district rollback  
10 rate)."; and

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

19 SECTION 6. Section 403.302(d), Government Code, as amended  
20 by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st  
21 Legislature, Regular Session, 2009, is reenacted and amended to  
22 read as follows:

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

25 (1) the total dollar amount of any residence homestead  
26 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
27 Code, in the year that is the subject of the study for each school

1 district;

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

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

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

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

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

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

1           (5) 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           (6) the total dollar amount of any exemptions granted  
17 under Section 11.251 or 11.253, Tax Code;

18           (7) 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           (8) 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 (9) 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, before the expiration of the  
14 subchapter;

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

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

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

24 (13) the amount by which the market value of a  
25 residence homestead to which Section 23.23 or 23.231, Tax Code,  
26 applies exceeds the appraised value of that property as calculated  
27 under that section.

1 SECTION 7. Section 403.302(i), Government Code, is amended  
2 to read as follows:

3 (i) If the comptroller determines in the study that the  
4 market value of property in a school district as determined by the  
5 appraisal district that appraises property for the school district,  
6 less the total of the amounts and values listed in Subsection (d) as  
7 determined by that appraisal district, is valid, the comptroller,  
8 in determining the taxable value of property in the school district  
9 under Subsection (d), shall for purposes of Subsection (d)(13)  
10 subtract from the market value as determined by the appraisal  
11 district of residence homesteads to which Section 23.23 or 23.231,  
12 Tax Code, applies the amount by which that amount exceeds the  
13 appraised value of those properties as calculated by the appraisal  
14 district under Section 23.23 or 23.231, Tax Code. If the  
15 comptroller determines in the study that the market value of  
16 property in a school district as determined by the appraisal  
17 district that appraises property for the school district, less the  
18 total of the amounts and values listed in Subsection (d) as  
19 determined by that appraisal district, is not valid, the  
20 comptroller, in determining the taxable value of property in the  
21 school district under Subsection (d), shall for purposes of  
22 Subsection (d)(13) subtract from the market value as estimated by  
23 the comptroller of residence homesteads to which Section 23.23 or  
24 23.231, Tax Code, applies the amount by which that amount exceeds  
25 the appraised value of those properties as calculated by the  
26 appraisal district under Section 23.23 or 23.231, Tax Code.

27 SECTION 8. Section 403.302(m), Government Code, as added by

1 Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular  
2 Session, 2009, is amended to conform to Section 80, Chapter 1328  
3 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,  
4 to read as follows:

5 (m) Subsection (d)(9) [~~(d)(10)~~] does not apply to property  
6 that was the subject of an application under Subchapter B or C,  
7 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller  
8 recommended should be disapproved.

9 SECTION 9. To the extent of any conflict, this Act prevails  
10 over another Act of the 82nd Legislature, Regular Session, 2011,  
11 relating to nonsubstantive additions to and corrections in enacted  
12 codes.

13 SECTION 10. This Act applies only to the appraisal of a  
14 residence homestead for ad valorem tax purposes for a tax year that  
15 begins on or after January 1, 2012.

16 SECTION 11. This Act takes effect January 1, 2012, but only  
17 if the constitutional amendment proposed by the 82nd Legislature,  
18 Regular Session, 2011, authorizing the legislature to provide for a  
19 limitation on the appraised value for ad valorem tax purposes of  
20 certain residence homesteads of certain veterans is approved by the  
21 voters. If that amendment is not approved by the voters, this Act  
22 has no effect.