

## **BILL ANALYSIS**

Senate Research Center

S.B. 163  
By: Van de Putte  
Finance  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 163 requires a property tax exemption for the residence homestead of the spouse of an active duty service member who is killed in combat (i.e., a Gold Star Spouse). During the 81st Legislature, such property tax exemptions were approved for 100 percent disabled veterans and the 82nd Legislature extended the exemption to the surviving spouses of those veterans.

The Texas Legislature has shown a bipartisan commitment to providing property tax relief to veterans who have paid a great price in the service of the United States. This bill, and its accompanying constitutional amendment, will show the Texas Legislature's commitment to families when a service member pays the ultimate price of service. The constitutional amendment for this bill is S.J.R. 16.

S.B. 163 amends current law relating to an exemption from ad valorem taxation of the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.132, as follows:

Sec. 11.132. RESIDENCE HOMESTEAD OF SURVIVING SPOUSE OF MEMBER OF ARMED SERVICES KILLED IN ACTION. (a) Defines, in this section, "residence homestead" and "surviving spouse."

(b) Entitles the surviving spouse of a member of the armed services of the United States who is killed in action to an exemption from taxation of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the death of the member of the armed services.

(c) Entitles a surviving spouse who receives an exemption under Subsection (b) for a residence homestead to receive an exemption from taxation of a property that the surviving spouse subsequently qualifies as the surviving spouse's residence homestead in an amount equal to the dollar amount of the exemption from taxation of the first property for which the surviving spouse received an exemption under Subsection (b) in the last year in which the surviving spouse received an exemption if the surviving spouse has not remarried since the death of the member of the armed services. Entitles the surviving spouse to receive from the chief appraiser of the appraisal district in which the first property for which the surviving spouse claimed the exemption was located a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled on the subsequently qualified homestead.

SECTION 2. Amends Section 11.42(c), Tax Code, as follows:

(c) Provides that an exemption authorized by Section 11.13(c) (relating to entitling an adult who is disabled or is 65 or older to an exemption from taxation by a school district of \$10,000 of the appraised value of his residence homestead) or (d) (relating to entitling an adult who is disabled or is 65 or older to an exemption from taxation by a taxing unit of a certain portion of the appraised value of his residence homestead under certain circumstances) or 11.132 is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies to the entire tax year.

SECTION 3. Amends Section 11.43(c), Tax Code, to provide that an exemption provided by certain sections, including Section 11.132, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes.

SECTION 4. Amends Section 11.431(a), Tax Code, to require the chief appraiser to accept and approve or deny an application for a residence homestead exemption, including an exemption under Section 11.131 (Residence Homestead of 100 Percent or Totally Disabled Veteran) for the residence homestead of a disabled veteran or the surviving spouse of a disabled veteran or an exemption under Section 11.132 for the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action, after the deadline for filing it has passed if it is filed not later than one year after the delinquency date for the taxes on the homestead.

SECTION 5. Amends Section 26.10(b), Tax Code, as follows:

(b) Provides that, if the appraisal roll shows that a residence homestead exemption under Section 11.13(c) or (d) or 11.132, rather than for an individual 65 years of age or older or a residence homestead exemption for a disabled individual, applicable to a property on January 1 of a year terminated during the year and if the owner of the property qualifies a different property for one of those residence homestead exemptions during the same year, the tax due against the former residence homestead is calculated by:

(1) subtracting:

(A) the amount of the taxes that otherwise would be imposed on the former residence homestead for the entire year had the owner qualified for the residence homestead exemption for the entire year; from

(B) the amount of the taxes that otherwise would be imposed on the former residence homestead for the entire year had the owner not qualified for the residence homestead exemption during the year;

(2) multiplying the remainder determined under Subdivision (1) by a fraction, the denominator of which is 365 and the numerator of which is the number of days that elapsed after the date the exemption terminated; and

(3) adding the product determined under Subdivision (2) and the amount described by Subdivision (1)(A).

Makes nonsubstantive changes.

SECTION 6. Amends Section 26.112, Tax Code, as follows:

Sec. 26.112. New heading: CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF CERTAIN PERSONS. (a) Provides that, except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.13(c) or (d) or 11.132, the amount of the tax due on the property for the tax year is calculated as if the individual qualified for the

exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year. Makes a nonsubstantive change.

(b) Requires the assessor for each taxing unit to recalculate the amount of the tax due on the property and correct the tax roll if an individual qualifies for an exemption under Section 11.13(c) or (d) or 11.132 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property. 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 and the tax on the property has not been paid. Requires the tax collector for the taxing unit to refund to the person who paid the tax the amount by which the payment exceeded the tax due if the tax on the property has been paid. Makes a nonsubstantive change.

SECTION 7. Amends Section 403.302(d-1), Government Code, to provide that, for purposes of Subsection (d) (defining "taxable value"), a residence homestead that receives an exemption under Section 11.131 or 11.132, Tax Code, in the year that is the subject of the study is not considered to be taxable property.

SECTION 8. Provides that Section 11.132, Tax Code, as added by this Act, applies only to a tax year beginning on or after January 1, 2014.

SECTION 9. Effective date: January 1, 2014, contingent upon approval by the voters of the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action.