

1-1 By: Paxton S.B. No. 489
 1-2 (In the Senate - Filed February 11, 2013; February 13, 2013,
 1-3 read first time and referred to Committee on Finance;
 1-4 April 9, 2013, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 14, Nays 0; April 9, 2013,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23	X			

1-24 COMMITTEE SUBSTITUTE FOR S.B. No. 489 By: Nelson

1-25 A BILL TO BE ENTITLED
 1-26 AN ACT

1-27 relating to the authority of a taxing unit other than a school
 1-28 district to establish a limitation on the amount of ad valorem taxes
 1-29 that the taxing unit may impose on the residence homesteads of
 1-30 individuals who are disabled or elderly and their surviving
 1-31 spouses.

1-32 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-33 SECTION 1. The heading to Section 11.261, Tax Code, is
 1-34 amended to read as follows:

1-35 Sec. 11.261. LIMITATION OF TAX IMPOSED BY TAXING UNIT OTHER
 1-36 THAN SCHOOL DISTRICT [COUNTY, MUNICIPAL, OR JUNIOR COLLEGE DISTRICT
 1-37 TAX] ON HOMESTEADS OF INDIVIDUALS WHO ARE DISABLED OR [AND]
 1-38 ELDERLY.

1-39 SECTION 2. Subsections (a), (b), (c), (d), (e), (g), (h),
 1-40 (i), (j), (k), and (l), Section 11.261, Tax Code, are amended to
 1-41 read as follows:

1-42 (a) This section applies only to a taxing unit that:

1-43 (1) is not a school [a county, municipality, or junior
 1-44 college] district; and

1-45 (2) [that] has established a limitation on the total
 1-46 amount of taxes that may be imposed by the taxing unit [county,
 1-47 municipality, or junior college district] on the residence
 1-48 homestead of an [a disabled] individual who is disabled or is [an
 1-49 individual] 65 years of age or older under Section 1-b(h) or (h-1),
 1-50 Article VIII, Texas Constitution.

1-51 (b) The tax officials shall appraise the property to which
 1-52 the limitation applies and calculate taxes as on other property,
 1-53 but if the tax so calculated exceeds the limitation provided by this
 1-54 section, the tax imposed by a taxing unit is the amount of the tax as
 1-55 limited by this section, except as otherwise provided by this
 1-56 section. The taxing unit [county, municipality, or junior college
 1-57 district] may not increase the total annual amount of ad valorem
 1-58 taxes the taxing unit [county, municipality, or junior college
 1-59 district] imposes on the residence homestead of an [a disabled]
 1-60 individual who is disabled or is [an individual] 65 years of age or

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

2-24 (c) If an individual makes improvements to the individual's
 2-25 residence homestead, other than repairs and other than improvements
 2-26 required to comply with governmental requirements, the taxing unit
 2-27 [~~county, municipality, or junior college district~~] may increase the
 2-28 amount of taxes on the homestead in the first year the value of the
 2-29 homestead is increased on the appraisal roll because of the
 2-30 enhancement of value by the improvements. The amount of the tax
 2-31 increase is determined by applying the current tax rate to the
 2-32 difference between the appraised value of the homestead with the
 2-33 improvements and the appraised value the homestead [~~it~~] would have
 2-34 had without the improvements. A limitation provided by this
 2-35 section then applies to the increased amount of [~~county, municipal,~~
 2-36 ~~or junior college district~~] taxes on the residence homestead until
 2-37 more improvements, if any, are made.

2-38 (d) A limitation on [~~county, municipal, or junior college~~
 2-39 ~~district~~] tax increases by a taxing unit provided by this section
 2-40 expires if on January 1:

2-41 (1) none of the owners of the structure who qualify for
 2-42 the exemption provided by Section 11.13(c) for an [~~a disabled~~]
 2-43 individual who is disabled or is [~~an individual~~] 65 years of age or
 2-44 older and who owned the structure when the limitation provided by
 2-45 this section first took effect is using the structure as a residence
 2-46 homestead; or

2-47 (2) none of the owners of the structure qualifies for
 2-48 the exemption provided by Section 11.13(c) for an [~~a disabled~~]
 2-49 individual who is disabled or is [~~an individual~~] 65 years of age or
 2-50 older.

2-51 (e) If the appraisal roll provides for taxation of appraised
 2-52 value for a prior year because a residence homestead exemption for
 2-53 [~~disabled~~] individuals who are disabled or are [~~individuals~~] 65
 2-54 years of age or older was erroneously allowed, the tax assessor for
 2-55 the applicable taxing unit [~~county, municipality, or junior college~~
 2-56 ~~district~~] shall add, as back taxes due as provided by Section
 2-57 26.09(d), the positive difference, if any, between the tax that
 2-58 should have been imposed for that year and the tax that was imposed
 2-59 because of the provisions of this section.

2-60 (g) Except as provided by Subsection (c), if an individual
 2-61 who receives a limitation on [~~county, municipal, or junior college~~
 2-62 ~~district~~] tax increases by a taxing unit provided by this section
 2-63 subsequently qualifies a different residence homestead in the same
 2-64 taxing unit [~~county, municipality, or junior college district~~] for
 2-65 an exemption under Section 11.13, the taxing unit [~~county,~~
 2-66 ~~municipality, or junior college district~~] may not impose ad valorem
 2-67 taxes on the subsequently qualified homestead in a year in an amount
 2-68 that exceeds the amount of taxes the taxing unit [~~county,~~
 2-69 ~~municipality, or junior college district~~] would have imposed on the

3-1 subsequently qualified homestead in the first year in which the
 3-2 individual receives that exemption for the subsequently qualified
 3-3 homestead had the limitation on tax increases provided by this
 3-4 section not been in effect, multiplied by a fraction the numerator
 3-5 of which is the total amount of taxes the taxing unit [~~county,~~
 3-6 ~~municipality, or junior college district~~] imposed on the former
 3-7 homestead in the last year in which the individual received that
 3-8 exemption for the former homestead and the denominator of which is
 3-9 the total amount of taxes the taxing unit [~~county, municipality, or~~
 3-10 ~~junior college district~~] would have imposed on the former homestead
 3-11 in the last year in which the individual received that exemption for
 3-12 the former homestead had the limitation on tax increases provided
 3-13 by this section not been in effect.

3-14 (h) An individual who receives a limitation on [~~county,~~
 3-15 ~~municipal, or junior college district~~] tax increases by a taxing
 3-16 unit under this section and who subsequently qualifies a different
 3-17 residence homestead in the same taxing unit [~~county, municipality,~~
 3-18 ~~or junior college district~~] for an exemption under Section 11.13,
 3-19 or an agent of the individual, is entitled to receive from the chief
 3-20 appraiser of the appraisal district in which the former homestead
 3-21 was located a written certificate providing the information
 3-22 necessary to determine whether the individual may qualify for a
 3-23 limitation on the subsequently qualified homestead under
 3-24 Subsection (g) and to calculate the amount of taxes the taxing unit
 3-25 [~~county, municipality, or junior college district~~] may impose on
 3-26 the subsequently qualified homestead.

3-27 (i) If an individual who qualifies for a limitation on
 3-28 [~~county, municipal, or junior college district~~] tax increases by a
 3-29 taxing unit under this section dies, the surviving spouse of the
 3-30 individual is entitled to the limitation on taxes imposed by the
 3-31 taxing unit [~~county, municipality, or junior college district~~] on
 3-32 the residence homestead of the individual if:

3-33 (1) the surviving spouse is disabled or is 55 years of
 3-34 age or older when the individual dies; and

3-35 (2) the residence homestead of the individual:

3-36 (A) is the residence homestead of the surviving
 3-37 spouse on the date that the individual dies; and

3-38 (B) remains the residence homestead of the
 3-39 surviving spouse.

3-40 (j) If an individual who is 65 years of age or older and
 3-41 qualifies for a limitation on [~~county, municipal, or junior college~~
 3-42 ~~district~~] tax increases for the elderly under this section dies in
 3-43 the first year in which the individual qualified for the limitation
 3-44 and the individual first qualified for the limitation after the
 3-45 beginning of that year, except as provided by Subsection (k), the
 3-46 amount to which the surviving spouse's [~~county, municipal, or~~
 3-47 ~~junior college district~~] taxes are limited under Subsection (i) is
 3-48 the amount of taxes imposed by the taxing unit to which the
 3-49 limitation applies [~~county, municipality, or junior college~~
 3-50 ~~district, as applicable,~~] on the residence homestead in that year
 3-51 determined as if the individual qualifying for the exemption had
 3-52 lived for the entire year.

3-53 (k) If in the first tax year after the year in which an
 3-54 individual who is 65 years of age or older dies under the
 3-55 circumstances described by Subsection (j) the amount of taxes
 3-56 imposed by a taxing unit [~~county, municipality, or junior college~~
 3-57 ~~district~~] on the residence homestead of the surviving spouse is
 3-58 less than the amount of taxes imposed by the taxing unit [~~county,~~
 3-59 ~~municipality, or junior college district~~] in the preceding year as
 3-60 limited by Subsection (j), in a subsequent tax year the surviving
 3-61 spouse's taxes imposed by the taxing unit [~~county, municipality, or~~
 3-62 ~~junior college district~~] on that residence homestead are limited to
 3-63 the amount of taxes imposed by the taxing unit [~~county,~~
 3-64 ~~municipality, or junior college district~~] in that first tax year
 3-65 after the year in which the individual dies.

3-66 (l) Notwithstanding Subsection (d), a limitation on
 3-67 [~~county, municipal, or junior college district~~] tax increases by a
 3-68 taxing unit provided by this section does not expire if the owner of
 3-69 the structure qualifies for an exemption under Section 11.13 under

4-1 the circumstances described by Section 11.135(a).

4-2 SECTION 3. Subsection (g), Section 23.19, Tax Code, is
4-3 amended to read as follows:

4-4 (g) A tax bill or a separate statement accompanying the tax
4-5 bill to a cooperative housing corporation for which interests of
4-6 stockholders are separately appraised under this section must
4-7 state, in addition to the information required by Section 31.01,
4-8 the appraised value and taxable value of each interest separately
4-9 appraised. Each exemption claimed as provided by this title by a
4-10 person entitled to the exemption shall also be deducted from the
4-11 total appraised value of the property of the corporation. The total
4-12 tax imposed by a school district or other taxing unit [~~county,~~
4-13 ~~municipality, or junior college district~~] shall be reduced by any
4-14 amount that represents an increase in taxes attributable to
4-15 separately appraised interests of the real property and
4-16 improvements that are subject to the limitation of taxes prescribed
4-17 by Section 11.26 or 11.261. The corporation shall apportion among
4-18 its stockholders liability for reimbursing the corporation for
4-19 property taxes according to the relative taxable values of their
4-20 interests.

4-21 SECTION 4. Subdivisions (6), (13), and (14), Section
4-22 26.012, Tax Code, are amended to read as follows:

4-23 (6) "Current total value" means the total taxable
4-24 value of property listed on the appraisal roll for the current year,
4-25 including all appraisal roll supplements and corrections as of the
4-26 date of the calculation, less the taxable value of property
4-27 exempted for the current tax year for the first time under Section
4-28 11.31, except that:

4-29 (A) the current total value for a school district
4-30 excludes:

4-31 (i) the total value of homesteads that
4-32 qualify for a tax limitation as provided by Section 11.26; and

4-33 (ii) new property value of property that is
4-34 subject to an agreement entered into under Chapter 313; and

4-35 (B) the current total value for a taxing unit
4-36 other than a school [~~county, municipality, or junior college~~]
4-37 district excludes the total value of homesteads that qualify for a
4-38 tax limitation provided by Section 11.261.

4-39 (13) "Last year's levy" means the total of:

4-40 (A) the amount of taxes that would be generated
4-41 by multiplying the total tax rate adopted by the governing body in
4-42 the preceding year by the total taxable value of property on the
4-43 appraisal roll for the preceding year, including:

4-44 (i) taxable value that was reduced in an
4-45 appeal under Chapter 42; and

4-46 (ii) all appraisal roll supplements and
4-47 corrections other than corrections made pursuant to Section
4-48 25.25(d), as of the date of the calculation, except that last year's
4-49 taxable value for a school district excludes the total value of
4-50 homesteads that qualified for a tax limitation as provided by
4-51 Section 11.26 and last year's taxable value for a taxing unit other
4-52 than a school [~~county, municipality, or junior college~~]
4-53 district excludes the total value of homesteads that qualified for a tax
4-54 limitation as provided by Section 11.261; and

4-55 (B) the amount of taxes refunded by the taxing
4-56 unit in the preceding year for tax years before that year.

4-57 (14) "Last year's total value" means the total taxable
4-58 value of property listed on the appraisal roll for the preceding
4-59 year, including all appraisal roll supplements and corrections,
4-60 other than corrections made pursuant to Section 25.25(d), as of the
4-61 date of the calculation, except that:

4-62 (A) last year's taxable value for a school
4-63 district excludes the total value of homesteads that qualified for
4-64 a tax limitation as provided by Section 11.26; and

4-65 (B) last year's taxable value for a taxing unit
4-66 other than a school [~~county, municipality, or junior college~~]
4-67 district excludes the total value of homesteads that qualified for
4-68 a tax limitation as provided by Section 11.261.

4-69 SECTION 5. This Act applies only to ad valorem taxes imposed

5-1 for a tax year beginning on or after the effective date of this Act.
5-2 SECTION 6. This Act takes effect January 1, 2014, but only
5-3 if the constitutional amendment to authorize a political
5-4 subdivision other than a school district to establish a limitation
5-5 on the amount of ad valorem taxes that the political subdivision may
5-6 impose on the residence homesteads of persons who are disabled or
5-7 elderly and their surviving spouses is approved by the voters. If
5-8 that amendment is not approved by the voters, this Act has no
5-9 effect.

* * * * *

5-10