

SENATE AMENDMENTS

2nd Printing

By: Perry, White, Flynn, Farias,
Miller of Fort Bend, et al.

H.B. No. 97

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exemption from ad valorem taxation of part of the
3 appraised value of the residence homestead of a partially disabled
4 veteran or the surviving spouse of a partially disabled veteran if
5 the residence homestead was donated to the disabled veteran by a
6 charitable organization and to the eligibility of the surviving
7 spouse of a person who is disabled to receive a limitation on school
8 district ad valorem taxes on the person's residence homestead.

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

10 ARTICLE 1. EXEMPTIONS FOR CERTAIN PARTIALLY DISABLED VETERANS

11 SECTION 1.01. Subchapter B, Chapter 11, Tax Code, is
12 amended by adding Section 11.132 to read as follows:

13 Sec. 11.132. DONATED RESIDENCE HOMESTEAD OF PARTIALLY
14 DISABLED VETERAN. (a) In this section:

15 (1) "Charitable organization" means an organization
16 that is exempt from federal income taxation under Section 501(a),
17 Internal Revenue Code of 1986, as an organization described by
18 Section 501(c)(3) of that code.

19 (2) "Disability rating" and "disabled veteran" have
20 the meanings assigned by Section 11.22.

21 (3) "Residence homestead" has the meaning assigned by
22 Section 11.13.

23 (4) "Surviving spouse" has the meaning assigned by
24 Section 11.131.

1 (b) A disabled veteran who has a disability rating of less
2 than 100 percent is entitled to an exemption from taxation of a
3 percentage of the appraised value of the disabled veteran's
4 residence homestead equal to the disabled veteran's disability
5 rating if the residence homestead was donated to the disabled
6 veteran by a charitable organization at no cost to the disabled
7 veteran.

8 (c) The surviving spouse of a disabled veteran who qualified
9 for an exemption under Subsection (b) of a percentage of the
10 appraised value of the disabled veteran's residence homestead when
11 the disabled veteran died is entitled to an exemption from taxation
12 of the same percentage of the appraised value of the same property
13 to which the disabled veteran's exemption applied if:

14 (1) the surviving spouse has not remarried since the
15 death of the disabled veteran; and

16 (2) the property:

17 (A) was the residence homestead of the surviving
18 spouse when the disabled veteran died; and

19 (B) remains the residence homestead of the
20 surviving spouse.

21 (d) If a surviving spouse who qualifies for an exemption
22 under Subsection (c) subsequently qualifies a different property as
23 the surviving spouse's residence homestead, the surviving spouse is
24 entitled to an exemption from taxation of the subsequently
25 qualified residence homestead in an amount equal to the dollar
26 amount of the exemption from taxation of the former residence
27 homestead under Subsection (c) in the last year in which the

1 surviving spouse received an exemption under that subsection for
2 that residence homestead if the surviving spouse has not remarried
3 since the death of the disabled veteran. The surviving spouse is
4 entitled to receive from the chief appraiser of the appraisal
5 district in which the former residence homestead was located a
6 written certificate providing the information necessary to
7 determine the amount of the exemption to which the surviving spouse
8 is entitled on the subsequently qualified residence homestead.

9 SECTION 1.02. Section 11.42(c), Tax Code, is amended to
10 read as follows:

11 (c) An exemption authorized by Section 11.13(c) or (d) or
12 11.132 is effective as of January 1 of the tax year in which the
13 person qualifies for the exemption and applies to the entire tax
14 year.

15 SECTION 1.03. Sections 11.43(c) and (k), Tax Code, are
16 amended to read as follows:

17 (c) An exemption provided by Section 11.13, 11.131, 11.132,
18 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22,
19 11.23(h), (j), or (j-1), 11.231, 11.254, 11.29, 11.30, or 11.31,
20 once allowed, need not be claimed in subsequent years, and except as
21 otherwise provided by Subsection (e), the exemption applies to the
22 property until it changes ownership or the person's qualification
23 for the exemption changes. However, the chief appraiser may
24 require a person allowed one of the exemptions in a prior year to
25 file a new application to confirm the person's current
26 qualification for the exemption by delivering a written notice that
27 a new application is required, accompanied by an appropriate

1 application form, to the person previously allowed the exemption.

2 (k) A person who qualifies for an exemption authorized by
3 Section 11.13(c) or (d) or 11.132 must apply for the exemption no
4 later than the first anniversary of the date the person qualified
5 for the exemption.

6 SECTION 1.04. Section 11.431(a), Tax Code, is amended to
7 read as follows:

8 (a) The chief appraiser shall accept and approve or deny an
9 application for a residence homestead exemption, including an
10 exemption under Section 11.131 or 11.132 for the residence
11 homestead of a disabled veteran or the surviving spouse of a
12 disabled veteran, after the deadline for filing it has passed if it
13 is filed not later than one year after the delinquency date for the
14 taxes on the homestead.

15 SECTION 1.05. Section 26.10(b), Tax Code, is amended to
16 read as follows:

17 (b) If the appraisal roll shows that a residence homestead
18 exemption under Section 11.13(c) or (d) or 11.132 [~~for an~~
19 ~~individual 65 years of age or older or a residence homestead~~
20 ~~exemption for a disabled individual~~] applicable to a property on
21 January 1 of a year terminated during the year and if the owner
22 qualifies a different property for one of those residence homestead
23 exemptions during the same year, the tax due against the former
24 residence homestead is calculated by:

25 (1) subtracting:

26 (A) the amount of the taxes that otherwise would
27 be imposed on the former residence homestead for the entire year had

1 the individual qualified for the residence homestead exemption for
2 the entire year; from

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

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

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

13 SECTION 1.06. Chapter 26, Tax Code, is amended by adding
14 Section 26.1127 to read as follows:

15 Sec. 26.1127. CALCULATION OF TAXES ON DONATED RESIDENCE
16 HOMESTEAD OF DISABLED VETERAN OR SURVIVING SPOUSE OF DISABLED
17 VETERAN. (a) Except as provided by Section 26.10(b), if at any
18 time during a tax year property is owned by an individual who
19 qualifies for an exemption under Section 11.132, the amount of the
20 tax due on the property for the tax year is calculated as if the
21 individual qualified for the exemption on January 1 and continued
22 to qualify for the exemption for the remainder of the tax year.

23 (b) If an individual qualifies for an exemption under
24 Section 11.132 with respect to the property after the amount of the
25 tax due on the property is calculated and the effect of the
26 qualification is to reduce the amount of the tax due on the
27 property, the assessor for each taxing unit shall recalculate the

1 amount of the tax due on the property and correct the tax roll. If
2 the tax bill has been mailed and the tax on the property has not been
3 paid, the assessor shall mail a corrected tax bill to the individual
4 in whose name the property is listed on the tax roll or to the
5 individual's authorized agent. If the tax on the property has been
6 paid, the tax collector for the taxing unit shall refund to the
7 individual who paid the tax the amount by which the payment exceeded
8 the tax due.

9 SECTION 1.07. Section 31.031(a), Tax Code, is amended to
10 read as follows:

- 11 (a) This section applies only to:
- 12 (1) an individual who is:
- 13 (A) disabled or at least 65 years of age; and
- 14 (B) qualified for an exemption under Section
- 15 11.13(c); or
- 16 (2) an individual who is:
- 17 (A) a disabled veteran or the unmarried surviving
- 18 spouse of a disabled veteran; and
- 19 (B) qualified for an exemption under Section
- 20 11.132 or 11.22.

21 SECTION 1.08. This article applies only to ad valorem taxes
22 imposed for an ad valorem tax year that begins on or after the
23 effective date of this article.

24 SECTION 1.09. This article takes effect January 1, 2014,
25 but only if the constitutional amendment proposed by the 83rd
26 Legislature, Regular Session, 2013, authorizing the legislature to
27 provide for an exemption from ad valorem taxation of part of the

1 market value of the residence homestead of a partially disabled
2 veteran or the surviving spouse of a partially disabled veteran if
3 the residence homestead was donated to the disabled veteran by a
4 charitable organization is approved by the voters. If that
5 amendment is not approved by the voters, this article has no effect.

6 ARTICLE 2. EXEMPTIONS FOR CERTAIN SPOUSES OF DISABLED VETERANS

7 SECTION 2.01. Section 11.26(i), Tax Code, is amended to
8 read as follows:

9 (i) If an individual who qualifies for the exemption
10 provided by Section 11.13(c) [~~for an individual 65 years of age or~~
11 ~~older~~] dies, the surviving spouse of the individual is entitled to
12 the limitation applicable to the residence homestead of the
13 individual if:

14 (1) the surviving spouse is 55 years of age or older
15 when the individual dies; and

16 (2) the residence homestead of the individual:

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

19 (B) remains the residence homestead of the
20 surviving spouse.

21 SECTION 2.02. This article applies only to an ad valorem tax
22 year that begins on or after the effective date of this article.

23 SECTION 2.03. This article takes effect January 1, 2014,
24 but only if the constitutional amendment proposed by the 83rd
25 Legislature, Regular Session, 2013, allowing the surviving spouse
26 of a person who is disabled to receive a limitation on school
27 district ad valorem taxes on the person's residence homestead if

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1 the spouse is 55 years of age or older at the time of the person's
2 death is approved by the voters. If that constitutional amendment
3 is not approved by the voters, this article has no effect.

ADOPTED

MAY 22 2013

Secretary of the Senate

Atty. Gen.
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY:

Patricia Van de Putte

1 Amend H.B. No. 97 (senate committee printing) as follows:

2 (1) Strike the heading to Article 1 of the bill (page 1, line
3 33) and renumber the SECTIONS of Article 1 of the bill accordingly.

4 (2) In SECTION 1.08 of the bill relating to the
5 applicability of Article 1 (page 3, line 46) strike "article" and
6 substitute "Act".

7 (3) In SECTION 1.08 of the bill relating to the
8 applicability of Article 1 (page 3, line 48) strike "article" and
9 substitute "Act".

10 (4) In SECTION 1.09 of the bill providing the effective date
11 for Article 1 (page 3, line 49) strike "article" and substitute
12 "Act".

13 (5) In SECTION 1.09 of the bill providing the effective date
14 for Article 1 (page 3, line 57) strike "article" and substitute
15 "Act".

16 (6) Strike Article 2 of the bill (page 3, line 58, through
17 page 4, line 13).

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB97 by Perry (Relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization and to the eligibility of the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead.), **As Passed 2nd House**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapters 11 (taxable property and exemptions), 26 (assessment), and 31 (collections) of the Tax Code, regarding property taxation.

The bill would require a property tax exemption equal to a disabled veteran's disability rating (if less than 100 percent) on the disabled veteran's residence homestead if the homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. The bill would extend the exemption to the surviving spouse of a disabled veteran who died after qualifying for the exemption if the surviving spouse has not remarried, the property was the homestead of the surviving spouse when the disabled veteran died, and remains the residence homestead of the surviving spouse. The bill would grant a surviving spouse qualified for the exemption the same dollar amount of exemption on a subsequent homestead if the surviving spouse has not remarried.

The bill would provide that the exemption is retroactive to January 1 of the year in which the disabled veteran qualifies for the exemption, prorates the exemption off a former homestead if a disabled veteran or surviving spouse moves to a new homestead during the year, and provides that when these individuals move to a new homestead during the year the exemption applies as if the individual qualified that homestead on January 1 and continued to qualify for the remainder of the year. The bill would add a disabled veteran and the surviving spouse qualified for the proposed exemption and a disabled veteran qualified for an exemption under Section 11.22 of the Tax Code to the list of individuals who may pay property taxes in four installments.

Data are not available on the number of homesteads that will be donated by charitable organizations to disabled veterans who have less than a 100 percent disability rating. A website search revealed that most veterans receiving homes from charitable organizations are 100 percent disabled. Homesteads of 100 percent disabled veterans or their surviving spouses are already totally exempt under current law.

The property tax homestead exemption proposed by the bill would create a cost to school districts, other units of local government, and to the state through the operation of the school funding formulas. However, those fiscal impacts are not expected to be significant.

The bill would take effect on January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session (2013) authorizing the Legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization is approved by the voters. If that amendment is not approved by the voters, the bill would have no effect.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 15, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB97 by Perry (Relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization and to the eligibility of the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead.), **As Engrossed**

The property tax homestead exemption proposed by Article 1 of the bill would create a cost to the state through the operation of the school funding formulas. However, those fiscal impacts are not expected to be significant.

The proposed constitutional amendment (HJR 72) associated with Article 2 of the bill is self-enabling. Consequently, the fiscal impact of the transfer of tax ceilings to surviving spouses of certain disabled persons is shown in the fiscal note for HJR 72.

Article 1 of the bill would amend Chapters 11 (taxable property and exemptions), 26 (assessment), and 31 (collections) of the Tax Code, regarding property taxation.

Article 1 would require a property tax exemption equal to a disabled veteran's disability rating (if less than 100 percent) on the disabled veteran's residence homestead if the homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. The bill would extend the exemption to the surviving spouse of a disabled veteran who died after qualifying for the exemption if the surviving spouse has not remarried, the property was the homestead of the surviving spouse when the disabled veteran died, and remains the residence homestead of the surviving spouse. The bill would grant a surviving spouse qualified for the exemption the same dollar amount of exemption on a subsequent homestead if the surviving spouse has not remarried.

Article 1 would provide that the exemption is retroactive to January 1 of the year in which the disabled veteran qualifies for the exemption and would add a disabled veteran qualified for the proposed exemption to the list of individuals who may pay property taxes in four installments.

Article 2 of the bill would amend Section 11.26 of the Tax Code to transfer a school district property tax limitation (tax ceiling) to the surviving spouses of deceased disabled persons who were qualified at time of death for the \$10,000 exemption for persons who are at least 65 years of age or disabled. A surviving spouse would be required to be 55 years of age or older and meet

certain other requirements. Current law grants the tax ceiling transfer only to surviving spouses of persons over 65 years of age who had been qualified for the exemption.

Article 1 of the bill would take effect on January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session (2013) authorizing the Legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization is approved by the voters. If that amendment is not approved by the voters, Article 1 would have no effect.

Data are not available on the number of homesteads that will be donated by charitable organizations to disabled veterans who have less than a 100 percent disability rating. A website search revealed that most veterans receiving homes from charitable organizations are 100 percent disabled. Homesteads of 100 percent disabled veterans or their surviving spouses are already totally exempt under current law.

The property tax homestead exemption proposed by Article 1 of the bill would create a cost to school districts, other units of local government, and to the state through the operation of the school funding formulas. However, those fiscal impacts are not expected to be significant.

The proposed constitutional amendment (HJR 72) associated with Article 2 of the bill is self-enabling. Consequently, the fiscal impact of the transfer of tax ceilings to surviving spouses of certain disabled persons is shown in the fiscal note for HJR 72.

Article 2 of the bill would take effect on January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session (2013) allowing the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead if the spouse is 55 years of age or older at the time of the person's death is approved by the voters. If that amendment is not approved by the voters, Article 2 would have no effect.

Local Government Impact

The property tax homestead exemption proposed by Article 1 of the bill would create a cost to school districts and other units of local government. However, those fiscal impacts are not expected to be significant.

The proposed constitutional amendment (HJR 72) associated with Article 2 of the bill is self-enabling. Consequently, the fiscal impact of the transfer of tax ceilings to surviving spouses of certain disabled persons is shown in the fiscal note for HJR 72.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 19, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB97 by Perry (Relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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This bill would amend Chapters 11 (taxable property and exemptions), 26 (assessment), and 31 (collections) of the Tax Code, regarding property taxation.

The bill would require a property tax exemption equal to a disabled veteran's disability rating (if less than 100 percent) on the disabled veteran's residence homestead if the homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran. The bill would extend the exemption to the surviving spouse of a disabled veteran who died after qualifying for the exemption if the surviving spouse has not remarried, the property was the homestead of the surviving spouse when the disabled veteran died, and remains the residence homestead of the surviving spouse. The bill would grant a surviving spouse qualified for the exemption the same dollar amount of exemption on a subsequent homestead if the surviving spouse has not remarried.

Data is not available on the number of homesteads that will be donated by charitable organizations to disabled veterans who have less than a 100 percent disability rating. A website search revealed that most veterans receiving homes from charitable organizations are 100 percent disabled. Homesteads of 100 percent disabled veterans or their surviving spouses are already totally exempt under current law.

The property tax homestead exemption proposed by the bill would create a cost to school districts, other units of local government, and to the state through the operation of the school funding formulas. However, those fiscal impacts are not expected to be significant.

The bill would take effect on January 1, 2014, but only if the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, authorizing the Legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization is approved by the voters. If that amendment is not approved by the voters, the bill would have no effect.

Local Government Impact

Contingent upon passage of the companion constitutional amendment, the property tax homestead exemption proposed by the bill would create a cost to school districts and other units of local government. However, those fiscal impacts are not expected to be significant.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

TAX/FEE EQUITY NOTE

83RD LEGISLATIVE REGULAR SESSION

April 19, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB97 by Perry (Relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization.), **As Introduced**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: UP, KK