

By: Neave

H.B. No. 261

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a temporary limitation on the total amount of ad valorem
3 taxes that may be imposed by a taxing unit on a residence homestead
4 rendered uninhabitable or unusable as a result of a natural
5 disaster.

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

7 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
8 adding Section 11.262 to read as follows:

9 Sec. 11.262. LIMITATION OF TAX ON HOMESTEADS DAMAGED IN
10 DISASTER AREA. (a) In this section, "residence homestead" has the
11 meaning assigned by Section 11.13.

12 (b) This section applies only to a residence homestead that
13 is:

14 (1) located in an area declared by the governor to be a
15 disaster area following a natural disaster; and

16 (2) rendered uninhabitable or unusable as a result of
17 the disaster.

18 (c) A taxing unit may not increase during the period
19 prescribed by Subsection (d) the total annual amount of ad valorem
20 taxes the taxing unit imposes on a residence homestead above the
21 amount of the taxes the taxing unit imposed on the residence
22 homestead for the tax year in which the residence homestead was
23 rendered uninhabitable or unusable as a result of a natural
24 disaster if:

1 (1) the owner of the residence homestead submits an
2 application for the limitation to the chief appraiser of the
3 appraisal district in which the residence homestead is located not
4 later than the first anniversary of the date the residence
5 homestead is rendered uninhabitable or unusable; and

6 (2) the chief appraiser determines that the residence
7 homestead was rendered uninhabitable or unusable as a result of the
8 natural disaster.

9 (d) The limitation provided by this section:

10 (1) takes effect on January 1 of the first tax year
11 following the tax year in which the natural disaster that renders
12 the residence homestead uninhabitable or unusable occurs; and

13 (2) expires on January 1 of the earlier of:

14 (A) the first tax year following the tax year in
15 which the fifth anniversary of the natural disaster occurs; or

16 (B) the first tax year in which the property no
17 longer qualifies as the residence homestead of:

18 (i) the property owner claiming the
19 limitation under this section; or

20 (ii) the surviving spouse of the property
21 owner if the surviving spouse is entitled to the limitation under
22 this section.

23 (e) If a property owner who qualifies for a limitation under
24 this section dies, the surviving spouse of the owner is entitled to
25 the limitation for the residence homestead of the owner for the
26 period prescribed by Subsection (d) if the residence homestead:

27 (1) is the residence homestead of the surviving spouse

1 on the date that the owner dies; and

2 (2) remains the residence homestead of the surviving
3 spouse.

4 (f) This subsection applies only if a property owner submits
5 an application under this section to the chief appraiser after the
6 tax year in which the natural disaster occurs that renders the
7 owner's residence homestead uninhabitable or unusable, the chief
8 appraiser approves the application, and the taxes imposed by a
9 taxing unit on the residence homestead for that tax year are greater
10 than the taxes imposed by the taxing unit for the preceding tax
11 year. If the tax bill for the current tax year has been mailed and
12 the tax on the residence homestead has not been paid, the assessor
13 shall mail a corrected tax bill to the person in whose name the
14 residence homestead is listed on the tax roll or to the person's
15 authorized agent. If the tax on the residence homestead for the
16 current tax year has been paid, the tax collector for the taxing
17 unit shall refund to the person who paid the tax the amount by which
18 the payment exceeded the tax due.

19 (g) For each school district in an appraisal district, the
20 chief appraiser shall determine the portion of the appraised value
21 of residence homesteads of individuals on which school district
22 taxes are not imposed in a tax year because of the limitation on tax
23 increases under this section. That portion is calculated by
24 determining the taxable value that, if multiplied by the tax rate
25 adopted by the school district for the tax year, would produce an
26 amount equal to the amount of tax that would have been imposed by
27 the school district on those homesteads if the limitation on tax

1 increases under this section were not in effect, but that was not
2 imposed because of that limitation. The chief appraiser shall
3 determine that taxable value and certify it to the comptroller as
4 soon as practicable for each tax year.

5 SECTION 2. Sections 23.19(b) and (g), Tax Code, are amended
6 to read as follows:

7 (b) If an appraisal district receives a written request for
8 the appraisal of real property and improvements of a cooperative
9 housing corporation according to the separate interests of the
10 corporation's stockholders, the chief appraiser shall separately
11 appraise the interests described by Subsection (d) if the
12 conditions required by Subsections (e) and (f) have been met.
13 Separate appraisal under this section is for the purposes of
14 administration of tax exemptions, determination of applicable
15 limitations of taxes under Section 11.26, ~~[or]~~ 11.261, or 11.262,
16 and apportionment by a cooperative housing corporation of property
17 taxes among its stockholders but is not the basis for determining
18 value on which a tax is imposed under this title. A stockholder
19 whose interest is separately appraised under this section may
20 protest and appeal the appraised value in the manner provided by
21 this title for protest and appeal of the appraised value of other
22 property.

23 (g) A tax bill or a separate statement accompanying the tax
24 bill to a cooperative housing corporation for which interests of
25 stockholders are separately appraised under this section must
26 state, in addition to the information required by Section 31.01,
27 the appraised value and taxable value of each interest separately

1 appraised. Each exemption claimed as provided by this title by a
2 person entitled to the exemption shall also be deducted from the
3 total appraised value of the property of the corporation. The total
4 tax imposed by a taxing unit [~~school district, county,~~
5 ~~municipality, or junior college district~~] shall be reduced by any
6 amount that represents an increase in taxes attributable to
7 separately appraised interests of the real property and
8 improvements that are subject to the limitation of taxes prescribed
9 by Section 11.26, [~~or~~] 11.261, or 11.262. The corporation shall
10 apportion among its stockholders liability for reimbursing the
11 corporation for property taxes according to the relative taxable
12 values of their interests.

13 SECTION 3. Sections 26.012(6), (13), and (14), Tax Code,
14 are amended to read as follows:

15 (6) "Current total value" means the total taxable
16 value of property listed on the appraisal roll for the current year,
17 including all appraisal roll supplements and corrections as of the
18 date of the calculation, less the taxable value of property
19 exempted for the current tax year for the first time under Section
20 11.31 or 11.315, except that:

21 (A) the current total value for a school district
22 excludes:

23 (i) the total value of homesteads that
24 qualify for a tax limitation as provided by Section 11.26; and

25 (ii) new property value of property that is
26 subject to an agreement entered into under Chapter 313; [~~and~~]

27 (B) the current total value for a county,

1 municipality, or junior college district excludes the total value
2 of homesteads that qualify for a tax limitation provided by Section
3 11.261 applicable to the taxing unit; and

4 (C) the current total value for a taxing unit
5 excludes the total value of homesteads that qualify for a tax
6 limitation provided by Section 11.262 applicable to the taxing
7 unit.

8 (13) "Last year's levy" means the total of:

9 (A) the amount of taxes that would be generated
10 by multiplying the total tax rate adopted by the governing body in
11 the preceding year by the total taxable value of property on the
12 appraisal roll for the preceding year, including:

13 (i) taxable value that was reduced in an
14 appeal under Chapter 42; and

15 (ii) all appraisal roll supplements and
16 corrections other than corrections made pursuant to Section
17 25.25(d), as of the date of the calculation, except that last year's
18 taxable value for a school district excludes the total value of
19 homesteads that qualified for a tax limitation as provided by
20 Section 11.26, ~~and~~ last year's taxable value for a county,
21 municipality, or junior college district excludes the total value
22 of homesteads that qualified for a tax limitation as provided by
23 Section 11.261 applicable to the taxing unit, and last year's
24 taxable value for a taxing unit excludes the total value of
25 homesteads that qualified for a tax limitation as provided by
26 Section 11.262 applicable to the taxing unit; and

27 (B) the amount of taxes refunded by the taxing

1 unit in the preceding year for tax years before that year.

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

7 (A) last year's taxable value for a school
8 district excludes the total value of homesteads that qualified for
9 a tax limitation as provided by Section 11.26; ~~and~~

10 (B) last year's taxable value for a county,
11 municipality, or junior college district excludes the total value
12 of homesteads that qualified for a tax limitation as provided by
13 Section 11.261 applicable to the taxing unit; and

14 (C) last year's taxable value for a taxing unit
15 excludes the total value of homesteads that qualified for a tax
16 limitation as provided by Section 11.262 applicable to the taxing
17 unit.

18 SECTION 4. Section 31.01, Tax Code, is amended by adding
19 Subsection (c-3) to read as follows:

20 (c-3) This subsection applies only to taxes imposed on a
21 residence homestead subject to the limitation authorized by Section
22 11.262 for the tax year preceding the tax year in which the
23 limitation expires under Section 11.262(d)(2)(A). The tax bill or
24 separate statement described by Subsection (c) must include
25 notification that the limitation will expire and that the amount of
26 taxes imposed on the property may increase in the following tax
27 year.

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

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

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

9 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

10 "The (name of school district) will hold a public meeting at
11 (time, date, year) in (name of room, building, physical location,
12 city, state). The purpose of this meeting is to discuss the school
13 district's budget that will determine the tax rate that will be
14 adopted. Public participation in the discussion is invited." The
15 statement of the purpose of the meeting must be in bold type. In
16 reduced type, the notice must state: "The tax rate that is
17 ultimately adopted at this meeting or at a separate meeting at a
18 later date may not exceed the proposed rate shown below unless the
19 district publishes a revised notice containing the same information
20 and comparisons set out below and holds another public meeting to
21 discuss the revised notice.";

22 (2) contain a section entitled "Comparison of Proposed
23 Budget with Last Year's Budget," which must show the difference,
24 expressed as a percent increase or decrease, as applicable, in the
25 amounts budgeted for the preceding fiscal year and the amount
26 budgeted for the fiscal year that begins in the current tax year for
27 each of the following:

1 (A) maintenance and operations;

2 (B) debt service; and

3 (C) total expenditures;

4 (3) contain a section entitled "Total Appraised Value
5 and Total Taxable Value," which must show the total appraised value
6 and the total taxable value of all property and the total appraised
7 value and the total taxable value of new property taxable by the
8 district in the preceding tax year and the current tax year as
9 calculated under Section 26.04, Tax Code;

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

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

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

19 (i) the school district's "Last Year's
20 Rate";

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

23 (a) in the case of "Maintenance &
24 Operations," is the tax rate that, when applied to the current
25 taxable value for the district, as certified by the chief appraiser
26 under Section 26.01, Tax Code, and as adjusted to reflect changes
27 made by the chief appraiser as of the time the notice is prepared,

1 would impose taxes in an amount that, when added to state funds to
2 be distributed to the district under Chapter 42, would provide the
3 same amount of maintenance and operations taxes and state funds
4 distributed under Chapter 42 per student in average daily
5 attendance for the applicable school year that was available to the
6 district in the preceding school year; and

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

18 (iii) the "Proposed Rate";

19 (B) contain fourth and fifth columns aligned with
20 the columns required by Paragraph (A) that show, for each row
21 required by Paragraph (A):

22 (i) the "Local Revenue per Student," which
23 is computed by multiplying the district's total taxable value of
24 property, as certified by the chief appraiser for the applicable
25 school year under Section 26.01, Tax Code, and as adjusted to
26 reflect changes made by the chief appraiser as of the time the
27 notice is prepared, by the total tax rate, and dividing the product

1 by the number of students in average daily attendance in the
2 district for the applicable school year; and

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

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

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

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

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

21 (ii) "Average Taxable Value of Residences,"
22 determined after taking into account the limitation on the
23 appraised value of residences under Section 23.23, Tax Code, and
24 after subtracting all homestead exemptions applicable in each year,
25 other than exemptions available only to disabled persons or persons
26 65 years of age or older or their surviving spouses, and using the
27 same group of residences for each year;

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

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

5 (B) contain the following information:
6 "Increase (Decrease) in Taxes" expressed in dollars and cents,
7 which is computed by subtracting the "Taxes Due on Average
8 Residence" for the preceding tax year from the "Taxes Due on Average
9 Residence" for the current tax year;

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

17 (8) contain the following statement in bold print:
18 "Notice of Rollback Rate: The highest tax rate the district can
19 adopt before requiring voter approval at an election is (the school
20 district rollback rate determined under Section 26.08, Tax Code).
21 This election will be automatically held if the district adopts a
22 rate in excess of the rollback rate of (the school district rollback
23 rate)."; ~~and~~

24 (9) contain a section entitled "Fund Balances," which
25 must include the estimated amount of interest and sinking fund
26 balances and the estimated amount of maintenance and operation or
27 general fund balances remaining at the end of the current fiscal

1 year that are not encumbered with or by corresponding debt
2 obligation, less estimated funds necessary for the operation of the
3 district before the receipt of the first payment under Chapter 42 in
4 the succeeding school year; and

5 (10) contain the following statement in bold print:

6 "Under state law, the dollar amount of school taxes imposed on a
7 residence homestead rendered uninhabitable or unusable as a result
8 of a natural disaster may not for a temporary period be increased
9 above the amount of school taxes imposed on the property in the year
10 in which the natural disaster rendered the residence homestead
11 uninhabitable or unusable, regardless of changes in tax rate or
12 property value."

13 SECTION 6. Section 403.302(d), Government Code, is amended
14 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 former Section 311.003(e), Tax Code, before May 31,
11 1999, and within the boundaries of the zone as those boundaries
12 existed on September 1, 1999, including subsequent improvements to
13 the 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) the total dollar amount of any captured appraised
21 value of property that:

22 (A) is within a reinvestment zone:

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

25 (ii) the project plan for which includes
26 the alteration, remodeling, repair, or reconstruction of a
27 structure that is included on the National Register of Historic

1 Places and requires that a portion of the tax increment of the zone
2 be used for the improvement or construction of related facilities
3 or for affordable housing;

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

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

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

10 (7) the difference between the comptroller's estimate
11 of the market value and the productivity value of land that
12 qualifies for appraisal on the basis of its productive capacity,
13 except that the productivity value estimated by the comptroller may
14 not exceed the fair market value of the land;

15 (8) the portion of the appraised value of residence
16 homesteads of individuals who receive a tax limitation under
17 Section 11.26 or 11.262, Tax Code, on which school district taxes
18 are not imposed in the year that is the subject of the study,
19 calculated as if the residence homesteads were appraised at the
20 full value required by law;

21 (9) a portion of the market value of property not
22 otherwise fully taxable by the district at market value because of:

23 (A) action required by statute or the
24 constitution of this state, other than Section 11.311, Tax Code,
25 that, if the tax rate adopted by the district is applied to it,
26 produces an amount equal to the difference between the tax that the
27 district would have imposed on the property if the property were

1 fully taxable at market value and the tax that the district is
2 actually authorized to impose on the property, if this subsection
3 does not otherwise require that portion to be deducted; or

4 (B) action taken by the district under Subchapter
5 B or C, Chapter 313, Tax Code, before the expiration of the
6 subchapter;

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

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

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

16 (13) the amount by which the market value of a
17 residence homestead to which Section 23.23, Tax Code, applies
18 exceeds the appraised value of that property as calculated under
19 that section.

20 SECTION 7. The changes in law made by this Act apply only to
21 a residence homestead rendered uninhabitable or unusable by a
22 natural disaster that occurs on or after the effective date of this
23 Act.

24 SECTION 8. This Act takes effect January 1, 2018, but only
25 if the constitutional amendment proposed by the 85th Legislature,
26 1st Called Session, 2017, authorizing the legislature to limit for
27 a temporary period the total amount of ad valorem taxes that may be

1 imposed by a political subdivision on a residence homestead
2 rendered uninhabitable or unusable as a result of a natural
3 disaster is approved by the voters. If that amendment is not
4 approved by the voters, this Act has no effect.