

By: Swanson

H.B. No. 1772

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to an exemption from ad valorem taxation of the total  
3 appraised value of the residence homesteads of certain elderly  
4 persons and their surviving spouses.

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

6 SECTION 1. Section 11.13, Tax Code, is amended by amending  
7 Subsection (i) and adding Subsections (s) and (t) to read as  
8 follows:

9 (i) The assessor and collector for a taxing unit may  
10 disregard the exemptions authorized by Subsection (b), (c), (d),  
11 ~~[or] (n), (s), or (t) [of this section]~~ and assess and collect a tax  
12 pledged for payment of debt without deducting the amount of the  
13 exemption if:

14 (1) prior to adoption of the exemption, the unit  
15 pledged the taxes for the payment of a debt; and

16 (2) granting the exemption would impair the obligation  
17 of the contract creating the debt.

18 (s) In addition to any other exemptions provided by this  
19 section, an individual is entitled to an exemption from taxation of  
20 the total appraised value of the individual's residence homestead  
21 if the individual is 75 years of age or older.

22 (t) The surviving spouse of an individual who qualified for  
23 an exemption under Subsection (s) is entitled to an exemption from  
24 taxation of the total appraised value of the same property to which

1 the deceased spouse's exemption applied if:

2 (1) the deceased spouse died in a year in which the  
3 deceased spouse qualified for the exemption;

4 (2) the surviving spouse was 55 years of age or older  
5 when the deceased spouse died; and

6 (3) the property was the residence homestead of the  
7 surviving spouse when the deceased spouse died and remains the  
8 residence homestead of the surviving spouse.

9 SECTION 2. Section 11.42(c), Tax Code, is amended to read as  
10 follows:

11 (c) An exemption authorized by Section 11.13(c), ~~(d)~~,  
12 or (s), 11.132, or 11.133 is effective as of January 1 of the tax  
13 year in which the person qualifies for the exemption and applies to  
14 the entire tax year.

15 SECTION 3. Sections 11.43(k), (l), (m), (o), and (q), Tax  
16 Code, are amended to read as follows:

17 (k) A person who qualifies for an exemption authorized by  
18 Section 11.13(c), ~~(d)~~, or (s) or 11.132 must apply for the  
19 exemption no later than the first anniversary of the date the person  
20 qualified for the exemption.

21 (l) The form for an application under Section 11.13 must  
22 include a space for the applicant to state the applicant's date of  
23 birth. Failure to provide the date of birth does not affect the  
24 applicant's eligibility for an exemption under that section, other  
25 than an exemption under Section 11.13(c) or (d) for an individual 65  
26 years of age or older or an exemption under Section 11.13(s) for an  
27 individual 75 years of age or older.

1 (m) Notwithstanding Subsections (a) and (k), a person who  
2 receives an exemption under Section 11.13, other than an exemption  
3 under Section 11.13(c) or (d) for an individual 65 years of age or  
4 older or an exemption under Section 11.13(s) for an individual 75  
5 years of age or older, in a tax year is entitled to receive an  
6 exemption under Section 11.13(c) or (d) for an individual 65 years  
7 of age or older or an exemption under Section 11.13(s) for an  
8 individual 75 years of age or older in the next tax year on the same  
9 property without applying for the exemption if the person becomes  
10 65 or 75 years of age, as applicable, in that next year as shown by:

11 (1) information in the records of the appraisal  
12 district that was provided to the appraisal district by the  
13 individual in an application for an exemption under Section 11.13  
14 on the property or in correspondence relating to the property; or

15 (2) the information provided by the Texas Department  
16 of Public Safety to the appraisal district under Section 521.049,  
17 Transportation Code.

18 (o) The application form for an exemption authorized by  
19 Section 11.13 must require an applicant for an exemption under  
20 Subsection (c), ~~(d)~~, or (s) of that section who is not  
21 specifically identified on a deed or other appropriate instrument  
22 recorded in the applicable real property records as an owner of the  
23 residence homestead to provide an affidavit or other compelling  
24 evidence establishing the applicant's ownership of an interest in  
25 the homestead.

26 (q) A chief appraiser may not cancel an exemption under  
27 Section 11.13 that is received by an individual who is 65 years of

1 age or older without first providing written notice of the  
2 cancellation to the individual receiving the exemption. The  
3 notice must include a form on which the individual may indicate  
4 whether the individual is qualified to receive the exemption and a  
5 self-addressed postage prepaid envelope with instructions for  
6 returning the form to the chief appraiser. The chief appraiser  
7 shall consider the individual's response on the form in determining  
8 whether to continue to allow the exemption. If the chief appraiser  
9 does not receive a response on or before the 60th day after the date  
10 the notice is mailed, the chief appraiser may cancel the exemption  
11 on or after the 30th day after the expiration of the 60-day period,  
12 but only after making a reasonable effort to locate the individual  
13 and determine whether the individual is qualified to receive the  
14 exemption. For purposes of this subsection, sending an additional  
15 notice of cancellation that includes, in bold font equal to or  
16 greater in size than the surrounding text, the date on which the  
17 chief appraiser is authorized to cancel the exemption to the  
18 individual receiving the exemption immediately after the  
19 expiration of the 60-day period by first class mail in an envelope  
20 on which is written, in all capital letters, "RETURN SERVICE  
21 REQUESTED," or another appropriate statement directing the United  
22 States Postal Service to return the notice if it is not deliverable  
23 as addressed, or providing the additional notice in another manner  
24 that the chief appraiser determines is appropriate, constitutes a  
25 reasonable effort on the part of the chief appraiser. This  
26 subsection does not apply to an exemption under Section [11.13\(c\)](#) or  
27 (d) for an individual 65 years of age or older or an exemption under

1 Section 11.13(s) for an individual 75 years of age or older that is  
2 canceled because the chief appraiser determines that the individual  
3 receiving the exemption no longer owns the property subject to the  
4 exemption.

5 SECTION 4. Section 26.10(b), Tax Code, is amended to read as  
6 follows:

7 (b) If the appraisal roll shows that a residence homestead  
8 exemption under Section 11.13(c), ~~or~~ (d), or (s), 11.132, or  
9 11.133 applicable to a property on January 1 of a year terminated  
10 during the year and if the owner of the property qualifies a  
11 different property for one of those residence homestead exemptions  
12 during the same year, the tax due against the former residence  
13 homestead is calculated by:

14 (1) subtracting:

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

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

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

27 (3) adding the product determined under Subdivision

1 (2) and the amount described by Subdivision (1)(A).

2 SECTION 5. Section 26.112, Tax Code, is amended to read as  
3 follows:

4 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF  
5 CERTAIN PERSONS. (a) Except as provided by Section 26.10(b), if  
6 at any time during a tax year property is owned by an individual who  
7 qualifies for an exemption under Section 11.13(c), ~~or~~ (d), or (s)  
8 or 11.133, the amount of the tax due on the property for the tax year  
9 is calculated as if the individual qualified for the exemption on  
10 January 1 and continued to qualify for the exemption for the  
11 remainder of the tax year.

12 (b) If an individual qualifies for an exemption under  
13 Section 11.13(c), ~~or~~ (d), or (s) or 11.133 with respect to the  
14 property after the amount of the tax due on the property is  
15 calculated and the effect of the qualification is to reduce the  
16 amount of the tax due on the property, the assessor for each taxing  
17 unit shall recalculate the amount of the tax due on the property and  
18 correct the tax roll. If the tax bill has been mailed and the tax  
19 on the property has not been paid, the assessor shall mail a  
20 corrected tax bill to the person in whose name the property is  
21 listed on the tax roll or to the person's authorized agent. If the  
22 tax on the property has been paid, the tax collector for the taxing  
23 unit shall refund to the person who paid the tax the amount by which  
24 the payment exceeded the tax due.

25 SECTION 6. Section 33.01(d), Tax Code, is amended to read as  
26 follows:

27 (d) In lieu of the penalty imposed under Subsection (a), a

1 delinquent tax incurs a penalty of 50 percent of the amount of the  
2 tax without regard to the number of months the tax has been  
3 delinquent if the tax is delinquent because the property owner  
4 received an exemption under:

5 (1) Section 11.13 and the chief appraiser subsequently  
6 cancels the exemption because the residence was not the principal  
7 residence of the property owner and the property owner received an  
8 exemption for two or more additional residence homesteads for the  
9 tax year in which the tax was imposed;

10 (2) Section 11.13(c) or (d) for a person who is 65  
11 years of age or older and the chief appraiser subsequently cancels  
12 the exemption because the property owner was younger than 65 years  
13 of age; ~~or~~

14 (3) Section 11.13(s) for a person who is 75 years of  
15 age or older and the chief appraiser subsequently cancels the  
16 exemption because the property owner was younger than 75 years of  
17 age; or

18 (4) Section 11.13(q) or (t) and the chief appraiser  
19 subsequently cancels the exemption because the property owner was  
20 younger than 55 years of age when the property owner's spouse died.

21 SECTION 7. Subchapter A, Chapter 41, Education Code, is  
22 amended by adding Section 41.0012 to read as follows:

23 Sec. 41.0012. COMPUTATION OF WEALTH PER STUDENT FOR  
24 2018-2019 SCHOOL YEAR. Notwithstanding any other provision of this  
25 chapter, in computing a school district's wealth per student for  
26 the 2018-2019 school year, a school district's taxable value of  
27 property under Subchapter M, Chapter 403, Government Code, is

1 determined as if the residence homestead exemption for a person 75  
2 years of age or older or the person's surviving spouse under Section  
3 1-b(n), Article VIII, Texas Constitution, as proposed by the 85th  
4 Legislature, Regular Session, 2017, had been in effect for the 2017  
5 tax year. This section expires September 1, 2019.

6 SECTION 8. Section 42.2518, Education Code, as effective  
7 September 1, 2017, is amended by adding Subsection (a-2) and  
8 amending Subsection (b) to read as follows:

9 (a-2) Beginning with the 2018-2019 school year, in addition  
10 to state aid a school district is entitled to under Subsection (a),  
11 a school district is also entitled to additional state aid to the  
12 extent that state and local revenue under this chapter and Chapter  
13 41 is less than the state and local revenue that would have been  
14 available to the district under Chapter 41 and this chapter as those  
15 chapters existed on September 1, 2017, if the residence homestead  
16 exemption for a person 75 years of age or older or the person's  
17 surviving spouse under Section 1-b(n), Article VIII, Texas  
18 Constitution, as proposed by the joint resolution to add that  
19 subsection adopted by the 85th Legislature, Regular Session, 2017,  
20 had not been adopted.

21 (b) The lesser of the school district's currently adopted  
22 maintenance and operations tax rate or the adopted maintenance and  
23 operations tax rate for:

24 (1) the 2014 tax year is used for the purpose of  
25 determining additional state aid under Subsection (a); and

26 (2) the 2017 tax year is used for the purpose of  
27 determining additional state aid under Subsection (a-2) [~~this~~



1 section].

2 SECTION 9. Section 42.252, Education Code, is amended by  
3 adding Subsection (f) to read as follows:

4 (f) Notwithstanding any other provision of this chapter, in  
5 computing each school district's local share of program cost under  
6 this section for the 2018-2019 school year, a school district's  
7 taxable value of property under Subchapter M, Chapter 403,  
8 Government Code, is determined as if the residence homestead  
9 exemption for a person 75 years of age or older or the person's  
10 surviving spouse under Section 1-b(n), Article VIII, Texas  
11 Constitution, as proposed by the 85th Legislature, Regular Session,  
12 2017, had been in effect for the 2017 tax year. This subsection  
13 expires September 1, 2019.

14 SECTION 10. Section 42.302, Education Code, is amended by  
15 adding Subsection (h) to read as follows:

16 (h) Notwithstanding any other provision of this chapter, in  
17 computing a school district's enrichment tax rate ("DTR") and local  
18 revenue ("LR") for the 2018-2019 school year, a school district's  
19 taxable value of property under Subchapter M, Chapter 403,  
20 Government Code, is determined as if the residence homestead  
21 exemption for a person 75 years of age or older or the person's  
22 surviving spouse under Section 1-b(n), Article VIII, Texas  
23 Constitution, as proposed by the 85th Legislature, Regular Session,  
24 2017, had been in effect for the 2017 tax year. This subsection  
25 expires September 1, 2019.

26 SECTION 11. Section 44.004(c), Education Code, is amended  
27 to read as follows:

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

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

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

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

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

26 (A) maintenance and operations;

27 (B) debt service; and

1 (C) total expenditures;

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

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

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

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

17 (i) the school district's "Last Year's  
18 Rate";

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

21 (a) in the case of "Maintenance &  
22 Operations," is the tax rate that, when applied to the current  
23 taxable value for the district, as certified by the chief appraiser  
24 under Section 26.01, Tax Code, and as adjusted to reflect changes  
25 made by the chief appraiser as of the time the notice is prepared,  
26 would impose taxes in an amount that, when added to state funds to  
27 be distributed to the district under Chapter 42, would provide the

1 same amount of maintenance and operations taxes and state funds  
2 distributed under Chapter 42 per student in average daily  
3 attendance for the applicable school year that was available to the  
4 district in the preceding school year; and

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

16 (iii) the "Proposed Rate";

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

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

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

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

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

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

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

19 (ii) "Average Taxable Value of Residences,"  
20 determined after taking into account the limitation on the  
21 appraised value of residences under Section 23.23, Tax Code, and  
22 after subtracting all homestead exemptions applicable in each year,  
23 other than exemptions available only to disabled persons, ~~or~~  
24 persons 65 years of age or older or their surviving spouses, or  
25 persons 75 years of age or older or their surviving spouses, and  
26 using the same group of residences for each year;

27 (iii) "Last Year's Rate Versus Proposed

1 Rate per \$100 Value"; and

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

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

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

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

23 (9) contain a section entitled "Fund Balances," which  
24 must include the estimated amount of interest and sinking fund  
25 balances and the estimated amount of maintenance and operation or  
26 general fund balances remaining at the end of the current fiscal  
27 year that are not encumbered with or by corresponding debt

1 obligation, less estimated funds necessary for the operation of the  
2 district before the receipt of the first payment under Chapter 42 in  
3 the succeeding school year; and

4 (10) contain the following statement in bold  
5 print: "Under state law, the residence of a person 75 years of age  
6 or older or of the surviving spouse of such a person, if the  
7 surviving spouse was 55 years of age or older when the person died,  
8 is exempt from taxes."

9 SECTION 12. Section 46.003, Education Code, is amended by  
10 adding Subsection (j) to read as follows:

11 (j) Notwithstanding any other provision of this chapter, in  
12 computing a district's bond tax rate ("BTR") and taxable value of  
13 property ("DPV") for the 2018-2019 school year, a school district's  
14 taxable value of property under Subchapter M, Chapter 403,  
15 Government Code, is determined as if the residence homestead  
16 exemption for a person 75 years of age or older or the person's  
17 surviving spouse under Section 1-b(n), Article VIII, Texas  
18 Constitution, as proposed by the 85th Legislature, Regular Session,  
19 2017, had been in effect for the 2017 tax year. This subsection  
20 expires September 1, 2019.

21 SECTION 13. Section 46.032, Education Code, is amended by  
22 adding Subsection (e) to read as follows:

23 (e) Notwithstanding any other provision of this chapter, in  
24 computing a district's existing debt tax rate ("EDTR") and taxable  
25 value of property ("DPV") for the 2018-2019 school year, a school  
26 district's taxable value of property under Subchapter M, Chapter  
27 403, Government Code, is determined as if the residence homestead

1 exemption for a person 75 years of age or older or the person's  
2 surviving spouse under Section 1-b(n), Article VIII, Texas  
3 Constitution, as proposed by the 85th Legislature, Regular Session,  
4 2017, had been in effect for the 2017 tax year. This subsection  
5 expires September 1, 2019.

6 SECTION 14. Section 46.071, Education Code, is amended by  
7 adding Subsection (a-2) and amending Subsections (b) and (c) to  
8 read as follows:

9 (a-2) Beginning with the 2018-2019 school year, in addition  
10 to state aid a school district is entitled to under Subsection (a),  
11 a school district is also entitled to additional state aid under  
12 this subchapter to the extent that state and local revenue used to  
13 service debt eligible under this chapter is less than the state and  
14 local revenue that would have been available to the district under  
15 this chapter as it existed on September 1, 2017, if the residence  
16 homestead exemption for a person 75 years of age or older or the  
17 person's surviving spouse under Section 1-b(n), Article VIII, Texas  
18 Constitution, as proposed by the 85th Legislature, Regular Session,  
19 2017, had not been adopted.

20 (b) Subject to Subsections (c)-(e), additional state aid  
21 under this section is equal to the amount by which the loss of local  
22 interest and sinking revenue for debt service attributable to the  
23 increase in the residence homestead exemption under Section 1-b(c),  
24 Article VIII, Texas Constitution, and the additional limitation on  
25 tax increases under Section 1-b(d) of that article as proposed by  
26 S.J.R. 1, 84th Legislature, Regular Session, 2015, and the  
27 residence homestead exemption under Section 1-b(n), Article VIII,



1 Texas Constitution, as proposed by the 85th Legislature, Regular  
2 Session, 2017, is not offset by a gain in state aid under this  
3 chapter.

4 (c) For the purpose of determining state aid under  
5 Subsection (a) or (a-2) [~~this section~~], local interest and sinking  
6 revenue for debt service is limited to revenue required to service  
7 debt eligible under this chapter as of September 1, 2015, or as of  
8 September 1, 2017, respectively, including refunding of the  
9 applicable [~~that~~] debt, subject to Section 46.061. The limitation  
10 imposed by Section 46.034(a) does not apply for the purpose of  
11 determining state aid under Subsection (a) or (a-2) [~~this section~~].

12 SECTION 15. Section 403.302(d-1), Government Code, is  
13 amended to read as follows:

14 (d-1) For purposes of Subsection (d), a residence homestead  
15 that receives an exemption under Section 11.13(s) or (t), 11.131,  
16 or 11.133, Tax Code, in the year that is the subject of the study is  
17 not considered to be taxable property.

18 SECTION 16. The exemptions from ad valorem taxation of a  
19 residence homestead authorized by Sections 11.13(s) and (t), Tax  
20 Code, as added by this Act, apply only to taxes imposed beginning  
21 with the 2018 tax year.

22 SECTION 17. This Act takes effect January 1, 2018, but only  
23 if the constitutional amendment proposed by the 85th Legislature,  
24 Regular Session, 2017, to exempt from ad valorem taxation the total  
25 market value of the residence homesteads of certain elderly persons  
26 and their surviving spouses is approved by the voters. If that  
27 constitutional amendment is not approved by the voters, this Act

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1 has no effect.