

By: Neave

H.B. No. 3584

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 and only if  
8 the taxes imposed by a taxing unit on the residence homestead for  
9 that tax year are greater than the taxes imposed by the taxing unit  
10 for the preceding tax year. If the tax bill for the current tax year  
11 has been mailed and the tax on the residence homestead has not been  
12 paid, the assessor shall mail a corrected tax bill to the person in  
13 whose name the residence homestead is listed on the tax roll or to  
14 the person's authorized agent. If the tax on the residence  
15 homestead for the current tax year has been paid, the tax collector  
16 for the taxing unit shall refund to the person who paid the tax the  
17 amount by which the payment exceeded the tax due.

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

1 imposed because of that limitation. The chief appraiser shall  
2 determine that taxable value and certify it to the comptroller as  
3 soon as practicable for each tax year.

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

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

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

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

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

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

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

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

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

26 (B) the current total value for a county,  
27 municipality, or junior college district excludes the total value

1 of homesteads that qualify for a tax limitation provided by Section  
2 11.261 applicable to the taxing unit; and

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

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

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

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

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

26 (B) the amount of taxes refunded by the taxing  
27 unit in the preceding year for tax years before that year.

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

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

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

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

17           SECTION 4. Section 44.004(c), Education Code, is amended to  
18 read as follows:

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

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

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

26           "The (name of school district) will hold a public meeting at  
27 (time, date, year) in (name of room, building, physical location,

1 city, state). The purpose of this meeting is to discuss the school  
2 district's budget that will determine the tax rate that will be  
3 adopted. Public participation in the discussion is invited." The  
4 statement of the purpose of the meeting must be in bold type. In  
5 reduced type, the notice must state: "The tax rate that is  
6 ultimately adopted at this meeting or at a separate meeting at a  
7 later date may not exceed the proposed rate shown below unless the  
8 district publishes a revised notice containing the same information  
9 and comparisons set out below and holds another public meeting to  
10 discuss the revised notice.";

11 (2) contain a section entitled "Comparison of Proposed  
12 Budget with Last Year's Budget," which must show the difference,  
13 expressed as a percent increase or decrease, as applicable, in the  
14 amounts budgeted for the preceding fiscal year and the amount  
15 budgeted for the fiscal year that begins in the current tax year for  
16 each of the following:

17 (A) maintenance and operations;

18 (B) debt service; and

19 (C) total expenditures;

20 (3) contain a section entitled "Total Appraised Value  
21 and Total Taxable Value," which must show the total appraised value  
22 and the total taxable value of all property and the total appraised  
23 value and the total taxable value of new property taxable by the  
24 district in the preceding tax year and the current tax year as  
25 calculated under Section 26.04, Tax Code;

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



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

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

8                   (i) the school district's "Last Year's  
9 Rate";

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

12                           (a) in the case of "Maintenance &  
13 Operations," is the tax rate that, when applied to the current  
14 taxable value for the district, as certified by the chief appraiser  
15 under Section 26.01, Tax Code, and as adjusted to reflect changes  
16 made by the chief appraiser as of the time the notice is prepared,  
17 would impose taxes in an amount that, when added to state funds to  
18 be distributed to the district under Chapter 42, would provide the  
19 same amount of maintenance and operations taxes and state funds  
20 distributed under Chapter 42 per student in average daily  
21 attendance for the applicable school year that was available to the  
22 district in the preceding school year; and

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

1 multiplied by the district's anticipated collection rate, would  
2 impose taxes in an amount that, when added to state funds to be  
3 distributed to the district under Chapter 46 and any excess taxes  
4 collected to service the district's debt during the preceding tax  
5 year but not used for that purpose during that year, would provide  
6 the amount required to service the district's debt; and

7 (iii) the "Proposed Rate";

8 (B) contain fourth and fifth columns aligned with  
9 the columns required by Paragraph (A) that show, for each row  
10 required by Paragraph (A):

11 (i) the "Local Revenue per Student," which  
12 is computed by multiplying the district's total taxable value of  
13 property, as certified by the chief appraiser for the applicable  
14 school year under Section 26.01, Tax Code, and as adjusted to  
15 reflect changes made by the chief appraiser as of the time the  
16 notice is prepared, by the total tax rate, and dividing the product  
17 by the number of students in average daily attendance in the  
18 district for the applicable school year; and

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

24 (C) contain an asterisk after each calculation  
25 for "Interest & Sinking Fund" and a footnote to the section that, in  
26 reduced type, states "The Interest & Sinking Fund tax revenue is  
27 used to pay for bonded indebtedness on construction, equipment, or

1 both. The bonds, and the tax rate necessary to pay those bonds,  
2 were approved by the voters of this district.";

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

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

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

10 (ii) "Average Taxable Value of Residences,"  
11 determined after taking into account the limitation on the  
12 appraised value of residences under Section 23.23, Tax Code, and  
13 after subtracting all homestead exemptions applicable in each year,  
14 other than exemptions available only to disabled persons or persons  
15 65 years of age or older or their surviving spouses, and using the  
16 same group of residences for each year;

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

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

21 (B) contain the following information:  
22 "Increase (Decrease) in Taxes" expressed in dollars and cents,  
23 which is computed by subtracting the "Taxes Due on Average  
24 Residence" for the preceding tax year from the "Taxes Due on Average  
25 Residence" for the current tax year;

26 (7) contain the following statement in bold print:

27 "Under state law, the dollar amount of school taxes imposed on the

1 residence of a person 65 years of age or older or of the surviving  
2 spouse of such a person, if the surviving spouse was 55 years of age  
3 or older when the person died, may not be increased above the amount  
4 paid in the first year after the person turned 65, regardless of  
5 changes in tax rate or property value.";

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

13 (9) contain a section entitled "Fund Balances," which  
14 must include the estimated amount of interest and sinking fund  
15 balances and the estimated amount of maintenance and operation or  
16 general fund balances remaining at the end of the current fiscal  
17 year that are not encumbered with or by corresponding debt  
18 obligation, less estimated funds necessary for the operation of the  
19 district before the receipt of the first payment under Chapter 42 in  
20 the succeeding school year; and

21 (10) contain the following statement in bold print:  
22 "Under state law, the dollar amount of school taxes imposed on a  
23 residence homestead rendered uninhabitable or unusable as a result  
24 of a natural disaster may not for a temporary period be increased  
25 above the amount of school taxes imposed on the property in the year  
26 in which the natural disaster rendered the residence homestead  
27 uninhabitable or unusable, regardless of changes in tax rate or

1 property value.".

2 SECTION 5. Section 403.302(d), Government Code, is amended  
3 to read as follows:

4 (d) For the purposes of this section, "taxable value" means  
5 the market value of all taxable property less:

6 (1) the total dollar amount of any residence homestead  
7 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
8 Code, in the year that is the subject of the study for each school  
9 district;

10 (2) one-half of the total dollar amount of any  
11 residence homestead exemptions granted under Section 11.13(n), Tax  
12 Code, in the year that is the subject of the study for each school  
13 district;

14 (3) the total dollar amount of any exemptions granted  
15 before May 31, 1993, within a reinvestment zone under agreements  
16 authorized by Chapter 312, Tax Code;

17 (4) subject to Subsection (e), the total dollar amount  
18 of any captured appraised value of property that:

19 (A) is within a reinvestment zone created on or  
20 before May 31, 1999, or is proposed to be included within the  
21 boundaries of a reinvestment zone as the boundaries of the zone and  
22 the proposed portion of tax increment paid into the tax increment  
23 fund by a school district are described in a written notification  
24 provided by the municipality or the board of directors of the zone  
25 to the governing bodies of the other taxing units in the manner  
26 provided by former Section 311.003(e), Tax Code, before May 31,  
27 1999, and within the boundaries of the zone as those boundaries

1 existed on September 1, 1999, including subsequent improvements to  
2 the property regardless of when made;

3 (B) generates taxes paid into a tax increment  
4 fund created under Chapter 311, Tax Code, under a reinvestment zone  
5 financing plan approved under Section 311.011(d), Tax Code, on or  
6 before September 1, 1999; and

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

9 (5) the total dollar amount of any captured appraised  
10 value of property that:

11 (A) is within a reinvestment zone:

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

14 (ii) the project plan for which includes  
15 the alteration, remodeling, repair, or reconstruction of a  
16 structure that is included on the National Register of Historic  
17 Places and requires that a portion of the tax increment of the zone  
18 be used for the improvement or construction of related facilities  
19 or for affordable housing;

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

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

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

26 (7) the difference between the comptroller's estimate  
27 of the market value and the productivity value of land that

1 qualifies for appraisal on the basis of its productive capacity,  
2 except that the productivity value estimated by the comptroller may  
3 not exceed the fair market value of the land;

4 (8) the portion of the appraised value of residence  
5 homesteads of individuals who receive a tax limitation under  
6 Section [11.26](#) or [11.262](#), Tax Code, on which school district taxes  
7 are not imposed in the year that is the subject of the study,  
8 calculated as if the residence homesteads were appraised at the  
9 full value required by law;

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

12 (A) action required by statute or the  
13 constitution of this state, other than Section [11.311](#), Tax Code,  
14 that, if the tax rate adopted by the district is applied to it,  
15 produces an amount equal to the difference between the tax that the  
16 district would have imposed on the property if the property were  
17 fully taxable at market value and the tax that the district is  
18 actually authorized to impose on the property, if this subsection  
19 does not otherwise require that portion to be deducted; or

20 (B) action taken by the district under Subchapter  
21 B or C, Chapter [313](#), Tax Code, before the expiration of the  
22 subchapter;

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

26 (11) the appraised value of property the collection of  
27 delinquent taxes on which is deferred under Section [33.06](#), Tax

1 Code;

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

5 (13) the amount by which the market value of a  
6 residence homestead to which Section 23.23, Tax Code, applies  
7 exceeds the appraised value of that property as calculated under  
8 that section.

9 SECTION 6. The changes in law made by this Act apply only to  
10 a residence homestead rendered uninhabitable or unusable by a  
11 natural disaster that occurs on or after the effective date of this  
12 Act.

13 SECTION 7. This Act takes effect January 1, 2018, but only  
14 if the constitutional amendment proposed by the 85th Legislature,  
15 Regular Session, 2017, authorizing the legislature to limit for a  
16 temporary period the total amount of ad valorem taxes that may be  
17 imposed by a political subdivision on a residence homestead  
18 rendered uninhabitable or unusable as a result of a natural  
19 disaster is approved by the voters. If that amendment is not  
20 approved by the voters, this Act has no effect.