

By: Watson

S.B. No. 418

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the authority of the governing body of a taxing unit
3 other than a school district to adopt an exemption from ad valorem
4 taxation of a portion, expressed as a dollar amount, of the
5 appraised value of an individual's residence homestead, the
6 authority of the governing body of certain taxing units that have
7 adopted such an exemption to reduce the amount of or repeal certain
8 other exemptions, and the treatment of such an exemption in the
9 calculation of certain ad valorem tax rates.

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

11 SECTION 1. Section 11.13, Tax Code, is amended by amending
12 Subsection (i) and adding Subsections (n-2), (s), and (t) to read as
13 follows:

14 (i) The assessor and collector for a taxing unit may
15 disregard the exemptions authorized by Subsection (b), (c), (d),
16 ~~[or] (n), or (s) [of this section]~~ and assess and collect a tax
17 pledged for payment of debt without deducting the amount of the
18 exemption if:

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

21 (2) granting the exemption would impair the obligation
22 of the contract creating the debt.

23 (n-2) Notwithstanding Subsection (n-1), the governing body
24 of a municipality or county that adopted an exemption under

1 Subsection (n) for the 2014 tax year may repeal the exemption if the
2 governing body adopts an exemption under Subsection (s) in an
3 amount greater than \$5,000. This subsection expires December 31,
4 2019.

5 (s) In addition to any other exemptions provided by this
6 section, an individual is entitled to an exemption from taxation by
7 a taxing unit other than a school district of a portion of the
8 appraised value of the individual's residence homestead if the
9 exemption is adopted by the governing body of the taxing unit before
10 July 1 in the manner provided by law for official action by the
11 body. The amount of the exemption is \$5,000 of the appraised value
12 of the residence homestead, except that if the average market value
13 of residence homesteads in the taxing unit in the tax year in which
14 the exemption is adopted exceeds \$25,000, as calculated based on
15 the appraisal records prepared by the chief appraiser of each
16 appraisal district in which the taxing unit participates, the
17 governing body may authorize an exemption in a larger dollar amount
18 not to exceed an amount equal to 20 percent of the average market
19 value of residence homesteads in the taxing unit in the tax year in
20 which the exemption is adopted.

21 (t) This subsection applies only to a taxing unit the
22 governing body of which has ceased granting an exemption under
23 Subsection (n) and has adopted an exemption under Subsection (s).
24 An individual who would have been entitled to an exemption from
25 taxation by the taxing unit under Subsection (n) had the governing
26 body not ceased granting an exemption under that subsection is
27 entitled to continue to receive an exemption under that subsection

1 in lieu of the exemption under Subsection (s) if the individual
2 otherwise qualifies for the exemption under Subsection (n) and the
3 amount of the exemption under that subsection exceeds the amount of
4 the exemption under Subsection (s). The exemption applies only to
5 property for which the individual received an exemption under
6 Subsection (n) in the last year in which the governing body granted
7 an exemption under that subsection. The exemption expires in the
8 event of a change in ownership of the property or, if the property
9 is owned by a qualifying trust and the trustor of the trust or a
10 beneficiary of the trust has the right to use and occupy the
11 property as the trustor's or beneficiary's principal residential
12 property, there is a change in the trustor or beneficiary of the
13 trust, respectively.

14 SECTION 2. Section 25.23(a), Tax Code, is amended to read as
15 follows:

16 (a) After submission of appraisal records, the chief
17 appraiser shall prepare supplemental appraisal records listing:

18 (1) each taxable property the chief appraiser
19 discovers that is not included in the records already submitted,
20 including property that was omitted from an appraisal roll in a
21 prior tax year;

22 (2) property on which the appraisal review board has
23 not determined a protest at the time of its approval of the
24 appraisal records; and

25 (3) property that qualifies for an exemption under
26 Section 11.13(n) or (s) that was adopted by the governing body of a
27 taxing unit after the date the appraisal records were submitted.

1 SECTION 3. Sections 26.012(6) and (15), Tax Code, are
2 amended to read as follows:

3 (6) "Current total value" means the total taxable
4 value of property listed on the appraisal roll for the current year,
5 including all appraisal roll supplements and corrections as of the
6 date of the calculation, less the taxable value of property
7 exempted for the current tax year for the first time under Section
8 11.31 or 11.315, except that:

9 (A) the current total value for a school district
10 excludes:

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

13 (ii) new property value of property that is
14 subject to an agreement entered into under Chapter 313; ~~and~~

15 (B) the current total value for a county,
16 municipality, or junior college district excludes the total value
17 of homesteads that qualify for a tax limitation provided by Section
18 11.261; and

19 (C) the current total value for a taxing unit the
20 governing body of which has adopted an exemption under Section
21 11.13(s) includes, with regard to homesteads other than those
22 described by Paragraph (B) of this subdivision, the total dollar
23 amount of the exemptions granted under that subsection.

24 (15) "Lost property levy" means the amount of taxes
25 levied in the preceding year on property value that was taxable in
26 the preceding year but is not taxable in the current year because
27 the property is exempt in the current year under a provision of this

1 code other than Section 11.13(s), 11.251, or 11.253, the property
2 has qualified for special appraisal under Chapter 23 in the current
3 year, or the property is located in territory that has ceased to be
4 a part of the unit since the preceding year.

5 SECTION 4. This Act applies only to ad valorem taxes imposed
6 for a tax year that begins on or after the effective date of this
7 Act.

8 SECTION 5. This Act takes effect January 1, 2018, but only
9 if the constitutional amendment proposed by the 85th Legislature,
10 Regular Session, 2017, authorizing the governing body of a
11 political subdivision other than a school district to adopt an
12 exemption from ad valorem taxation of a portion, expressed as a
13 dollar amount, of the market value of an individual's residence
14 homestead and authorizing the legislature to prohibit the governing
15 body of a political subdivision that adopts such an exemption from
16 reducing the amount of or repealing the exemption is approved by the
17 voters. If that amendment is not approved by the voters, this Act
18 has no effect.