86R3732 TJB-D

By:  Neave H.B. No. 622

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

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

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

(d)  The limitation provided by this section:

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

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

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

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

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

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

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

(1)  is the residence homestead of the surviving spouse on the date that the owner dies; and

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

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

(g)  For each school district in an appraisal district, the chief appraiser shall determine the portion of the appraised value of residence homesteads of individuals on which school district taxes are not imposed in a tax year because of the limitation on tax increases under this section. That portion is calculated by determining the taxable value that, if multiplied by the tax rate adopted by the school district for the tax year, would produce an amount equal to the amount of tax that would have been imposed by the school district on those homesteads if the limitation on tax increases under this section were not in effect, but that was not imposed because of that limitation. The chief appraiser shall determine that taxable value and certify it to the comptroller as soon as practicable for each tax year.

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

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

(g)  A tax bill or a separate statement accompanying the tax bill to a cooperative housing corporation for which interests of stockholders are separately appraised under this section must state, in addition to the information required by Section 31.01, the appraised value and taxable value of each interest separately appraised. Each exemption claimed as provided by this title by a person entitled to the exemption shall also be deducted from the total appraised value of the property of the corporation. The total tax imposed by a taxing unit [~~school district, county, municipality, or junior college district~~] shall be reduced by any amount that represents an increase in taxes attributable to separately appraised interests of the real property and improvements that are subject to the limitation of taxes prescribed by Section 11.26, [~~or~~] 11.261, or 11.262. The corporation shall apportion among its stockholders liability for reimbursing the corporation for property taxes according to the relative taxable values of their interests.

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

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

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

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

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

(B)  the current total value for a county, municipality, or junior college district excludes the total value of homesteads that qualify for a tax limitation provided by Section 11.261 applicable to the taxing unit; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1)  contain a statement in the following form:

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

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

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

(A)  maintenance and operations;

(B)  debt service; and

(C)  total expenditures;

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

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

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

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

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

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

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

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

(iii)  the "Proposed Rate";

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 6.  Section 403.302(d), Government Code, is amended to read as follows:

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

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

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

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

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

(A)  is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

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

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

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

(A)  is within a reinvestment zone:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 8.  This Act takes effect January 1, 2020, but only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to limit for a temporary period the total amount of ad valorem taxes that may be imposed by a political subdivision on a residence homestead rendered uninhabitable or unusable as a result of a natural disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.