By:  Leach H.B. No. 716

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a severely disabled veteran or the surviving spouse of a severely disabled veteran based on the disability rating of the veteran.

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

SECTION 1.  Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.136 to read as follows:

Sec. 11.136.  RESIDENCE HOMESTEAD OF CERTAIN SEVERELY DISABLED VETERANS. (a) In this section:

(1)  "Disability rating" and "disabled veteran" have the meanings assigned by Section 11.22.

(2)  "Residence homestead" has the meaning assigned by Section 11.13.

(3)  "Surviving spouse" has the meaning assigned by Section 11.131.

(b)  A "Severely Disabled Veteran" is a disabled veteran who has a disability rating of at least 80 percent but less than 100 percent is entitled to an exemption from taxation of a percentage of the appraised value of the disabled veteran's residence homestead equal to the disabled veteran's disability rating.

(c)  The surviving spouse of a Severely Disabled Veteran who qualified for an exemption under Subsection (b) of a percentage of the appraised value of the Severely Disabled Veteran's residence homestead when the Severely Disabled Veteran died is entitled to an exemption from taxation of the same percentage of the appraised value of the same property to which the Severely Disabled Veteran's exemption applied if:

(1)  the surviving spouse has not remarried since the death of the Severely Disabled Veteran; and

(2)  the property:

(A)  was the residence homestead of the surviving spouse when the Severely Disabled Veteran died; and

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

(d)  If a surviving spouse who qualifies for an exemption under Subsection (c) subsequently qualifies a different property as the surviving spouse's residence homestead, the surviving spouse is entitled to an exemption from taxation of the subsequently qualified residence homestead in an amount equal to the dollar amount of the exemption from taxation of the former residence homestead under Subsection (c) in the last year in which the surviving spouse received an exemption under that subsection for that residence homestead if the surviving spouse has not remarried since the death of the Severely Disabled Veteran. The surviving spouse is entitled to receive from the chief appraiser of the appraisal district in which the former residence homestead was located a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled on the subsequently qualified residence homestead.

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

(c)  An exemption authorized by Section 11.13(c) or (d), 11.132, 11.133, [~~or~~] 11.134, or 11.136 is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies to the entire tax year.

(b)  Section 11.43(c), Tax Code, is reenacted and amended to read as follows:

(c)  An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.136, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, or 11.315, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes. However, except as provided by Subsection (r), the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption. If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

(c)  Section 11.431(a), Tax Code, is reenacted and amended to read as follows:

(a)  The chief appraiser shall accept and approve or deny an application for a residence homestead exemption, including an exemption under Section 11.131, [~~or~~] 11.132, or 11.136 for the residence homestead of a Severely Disabled Veteran or the surviving spouse of a Severely Disabled Veteran, an exemption under Section 11.133 for the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action, or an exemption under Section 11.134 for the residence homestead of the surviving spouse of a first responder who is killed or fatally injured in the line of duty, after the deadline for filing it has passed if it is filed not later than two years after the delinquency date for the taxes on the homestead.

(d)  Section 26.10(b), Tax Code, is amended to read as follows:

(b)  If the appraisal roll shows that a residence homestead exemption under Section 11.13(c) or (d), 11.132, 11.133, [~~or~~] 11.134, or 11.136 applicable to a property on January 1 of a year terminated during the year and if the owner of the property qualifies a different property for one of those residence homestead exemptions during the same year, the tax due against the former residence homestead is calculated by:

(1)  subtracting:

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

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

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

(3)  adding the product determined under Subdivision (2) and the amount described by Subdivision (1)(A).

SECTION 3.  Section 11.43(k), Tax Code, is amended to read as follows:

(k)  A person who qualifies for an exemption authorized by Section 11.13(c) or (d), [~~or~~] 11.132, or 11.136 must apply for the exemption no later than the first anniversary of the date the person qualified for the exemption.

SECTION 4.  Section 26.1127, Tax Code, is amended to read as follows:

Sec. 26.1127.  CALCULATION OF TAXES ON [~~DONATED~~] RESIDENCE HOMESTEAD OF CERTAIN DISABLED VETERANS [~~VETERAN~~] OR SURVIVING SPOUSE OF CERTAIN DISABLED VETERANS [~~VETERAN~~]. (a) Except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.132 or 11.136, the amount of the tax due on the property for the tax year is calculated as if the individual qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year.

(b)  If an individual qualifies for an exemption under Section 11.132 or 11.136 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the individual in whose name the property is listed on the tax roll or to the individual's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the individual who paid the tax the amount by which the payment exceeded the tax due.

SECTION 5.  Section 31.031(a), Tax Code, is amended to read as follows:

(a)  This section applies only to:

(1)  an individual who is:

(A)  disabled or at least 65 years of age; and

(B)  qualified for an exemption under Section 11.13(c); or

(2)  an individual who is:

(A)  a Severely Disabled Veteran or the unmarried surviving spouse of a Severely Disabled Veteran; and

(B)  qualified for an exemption under Section 11.132, 11.136, or 11.22.

SECTION 6.  Section 140.011(a)(2), Local Government Code, is amended to read as follows:

(2)  "Local government" means:

(A)  a municipality adjacent to or within twenty miles of a military installation; and,

(B)  a county in which a United States military installation is wholly or partly located.

SECTION 7.  Section 140.011(c), Local Government Code, is amended to read as follows:

(c)  For the purposes of this section, the amount of a local government's lost ad valorem tax revenue for a fiscal year is calculated by multiplying the ad valorem tax rate adopted by the local government under Section 26.05, Tax Code, for the tax year in which the fiscal year begins by the sum of:

(1)  the total appraised value of all property located in the local government that is exempt [~~granted an exemption~~] from taxation under Section 11.131, Tax Code, for that tax year; and

(2)  the total dollar amount of the portion of the appraised value of all property located in the local government that is exempt from taxation under Section 11.136, Tax Code, for that tax year.

SECTION 8.  This Act applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 9.  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 provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a Severely Disabled Veteran or the surviving spouse of a Severely Disabled Veteran based on the disability rating of the veteran and harmonizing certain related provisions of the constitution is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.