By:  Goldman H.B. No. 2455

A BILL TO BE ENTITLED

AN ACT

relating to the limitation of certain special district tax on the homesteads of the disabled and elderly.

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

SECTION 1.  Section 11.261, Tax Code, is amended to read as follows:

Sec. 11.261.  LIMITATION OF [~~COUNTY, MUNICIPAL, OR JUNIOR COLLEGE~~] DISTRICT TAX ON HOMESTEADS OF DISABLED AND ELDERLY. (a) "District" is defined as a county, municipality, junior college, regional water district or hospital district. This section applies only to a [~~county, municipality, or junior college~~] district that has established a limitation on the total amount of taxes that may be imposed by the [~~county, municipality, or junior college~~] district on the residence homestead of a disabled individual or an individual 65 years of age or older under Section 1-b(h), Article VIII, Texas Constitution.

(b)  The tax officials shall appraise the property to which the limitation applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation provided by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. The [~~county, municipality, or junior college~~] district may not increase the total annual amount of ad valorem taxes the [~~county, municipality, or junior college~~] district imposes on the residence homestead of a disabled individual or an individual 65 years of age or older above the amount of the taxes the [~~county, municipality, or junior college~~]district imposed on the residence homestead in the first tax year, other than a tax year preceding the tax year in which the [~~county, municipality, or junior college~~] district established the limitation described by Subsection (a), in which the individual qualified that residence homestead for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the exemption for the next year, and if the [~~]~~ district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a [~~county, municipality, or junior college~~] district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed on the residence homestead in the year immediately following the first year, other than a tax year preceding the tax year in which the [~~county, municipality, or junior college~~] district established the limitation described by Subsection (a), for which the individual qualified that residence homestead for the exemption.

(c)  If an individual makes improvements to the individual's residence homestead, other than repairs and other than improvements required to comply with governmental requirements, the [~~county, municipality, or junior college~~] district may increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by the improvements. The amount of the tax increase is determined by applying the current tax rate to the difference between the appraised value of the homestead with the improvements and the appraised value it would have had without the improvements. A limitation provided by this section then applies to the increased amount of [~~county, municipal, or junior college~~] district taxes on the residence homestead until more improvements, if any, are made.

(d)  A limitation on [~~county, municipal, or junior college~~] district tax increases provided by this section expires if on January 1:

(1)  none of the owners of the structure who qualify for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older and who owned the structure when the limitation provided by this section first took effect is using the structure as a residence homestead; or

(2)  none of the owners of the structure qualifies for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older.

(e)  If the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption for disabled individuals or individuals 65 years of age or older was erroneously allowed, the tax assessor for the applicable [~~county, municipality, or junior college~~] district shall add, as back taxes due as provided by Section 26.09(d), the positive difference, if any, between the tax that should have been imposed for that year and the tax that was imposed because of the provisions of this section.

(f)  A limitation on tax increases provided by this section does not expire because the owner of an interest in the structure conveys the interest to a qualifying trust as defined by Section 11.13(j) if the owner or the owner's spouse is a trustor of the trust and is entitled to occupy the structure.

(g) Except as provided by Subsection (c), if an individual who receives a limitation on [~~county, municipal, or junior college~~] district tax increases provided by this section subsequently qualifies a different residence homestead in the same [~~county, municipality, or junior college~~] district for an exemption under Section 11.13, the [~~county, municipality, or junior college~~] district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the [~~county, municipality, or junior college~~] district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that exemption for the subsequently qualified homestead had the limitation on tax increases provided by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of taxes the [~~county, municipality, or junior college~~] district imposed on the former homestead in the last year in which the individual received that exemption for the former homestead and the denominator of which is the total amount of taxes the [~~county, municipality, or junior college~~] district would have imposed on the former homestead in the last year in which the individual received that exemption for the former homestead had the limitation on tax increases provided by this section not been in effect.

(h)  An individual who receives a limitation on [~~county, municipal, or junior college~~] district tax increases under this section and who subsequently qualifies a different residence homestead in the same [~~county, municipality, or junior college~~] district for an exemption under Section 11.13, or an agent of the individual, is entitled to receive from the chief appraiser of the appraisal district in which the former homestead was located a written certificate providing the information necessary to determine whether the individual may qualify for a limitation on the subsequently qualified homestead under Subsection (g) and to calculate the amount of taxes the [~~county, municipality, or junior college~~] district may impose on the subsequently qualified homestead.

(i)  If an individual who qualifies for a limitation on [~~county, municipal, or junior college~~] district tax increases under this section dies, the surviving spouse of the individual is entitled to the limitation on taxes imposed by the [~~county, municipality, or junior college~~] district on the residence homestead of the individual if:

(1)  the surviving spouse is disabled or is 55 years of age or older when the individual dies; and

(2)  the residence homestead of the individual:

(A)  is the residence homestead of the surviving spouse on the date that the individual dies; and

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

(j)  If an individual who is 65 years of age or older and qualifies for a limitation on [~~county, municipal, or junior college~~] district tax increases for the elderly under this section dies in the first year in which the individual qualified for the limitation and the individual first qualified for the limitation after the beginning of that year, except as provided by Subsection (k), the amount to which the surviving spouse's [~~county, municipal, or junior college~~] district taxes are limited under Subsection (i) is the amount of taxes imposed by the [~~county, municipality, or junior college~~] district, as applicable, on the residence homestead in that year determined as if the individual qualifying for the exemption had lived for the entire year.

(k)  If in the first tax year after the year in which an individual who is 65 years of age or older dies under the circumstances described by Subsection (j) the amount of taxes imposed by a [~~county, municipality, or junior college~~] district on the residence homestead of the surviving spouse is less than the amount of taxes imposed by the [~~county, municipality, or junior college~~] district in the preceding year as limited by Subsection (j), in a subsequent tax year the surviving spouse's taxes imposed by the [~~county, municipality, or junior college~~] district on that residence homestead are limited to the amount of taxes imposed by the [~~county, municipality, or junior college~~] district in that first tax year after the year in which the individual dies.

(l)  Notwithstanding Subsection (d), a limitation on [~~county, municipal, or junior college~~] district tax increases provided by this section does not expire if the owner of the structure qualifies for an exemption under Section 11.13 under the circumstances described by Section 11.135(a).

(m)  Notwithstanding Subsections (b) and (c), an improvement to property that would otherwise constitute an improvement under Subsection (c) is not treated as an improvement under that subsection if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the property in the tax year in which the structure would have constituted an improvement under Subsection (c), the replacement structure is considered to be an improvement under that subsection only if:

(1)  the square footage of the replacement structure exceeds that of the replaced structure as that structure existed before the casualty or damage occurred; or

(2)  the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure.

SECTION 2.  This Act takes effect September 1, 2019.