86R13437 JES-D

By:  Israel H.B. No. 4135

A BILL TO BE ENTITLED

AN ACT

relating to the effect of certain residential structures on a residence homestead exemption for ad valorem tax purposes.

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

SECTION 1.  Section 11.13(k), Tax Code, is amended to read as follows:

(k)  A qualified residential structure does not lose its character as a residence homestead if a portion of the structure, or a separate structure located on the same land as and having common ownership with the structure that is occupied as the individual's principal residence, is rented to another or is used primarily for other purposes that are incompatible with the owner's residential use of the structure. Except as provided by this subsection [~~However~~], the amount of any residence homestead exemption does not apply to the value of any [~~that~~] portion of the qualified residential structure that is used primarily for purposes that are incompatible with the owner's residential use. For purposes of this section, a portion of the structure that is occupied as the individual's principal residence, or a separate structure located on the same land as and having common ownership with the structure that is occupied as the individual's principal residence, that is used for a single-family short-term or long-term residential purpose, regardless of whether it generates rental income for the owner, is considered part of the residence homestead if:

(1)  there is only one such additional dwelling unit located on the property that constitutes the owner's residence homestead;

(2)  the municipality or county in which the property is located has adopted a program to encourage the construction or addition of such additional dwelling units; and

(3)  the additional dwelling unit was constructed or added in compliance with the program to encourage the use of such dwelling units.

SECTION 2.  This Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 3.  This Act takes effect January 1, 2020.