

By: Bohac

H.B. No. 384

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of the total appraised value of the residence homesteads of certain elderly persons and their surviving spouses.

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

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

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

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

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

(s) In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation of the total appraised value of the individual's residence homestead if:

(1) the individual is 80 years of age or older; and

(2) the individual has received an exemption under this section for the residence homestead for at least the preceding

1 10 years.

2 (t) The surviving spouse of an individual who qualified for
3 an exemption under Subsection (s) is entitled to an exemption from
4 taxation of the total appraised value of the same property to which
5 the deceased spouse's exemption applied if:

6 (1) the deceased spouse died in a year in which the
7 deceased spouse qualified for the exemption;

8 (2) the surviving spouse was 55 years of age or older
9 when the deceased spouse died; and

10 (3) the property was the residence homestead of the
11 surviving spouse when the deceased spouse died and remains the
12 residence homestead of the surviving spouse.

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

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

19 SECTION 3. Sections 11.43(k), (l), (m), (o), and (q), Tax
20 Code, are amended to read as follows:

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

25 (l) The form for an application under Section 11.13 must
26 include a space for the applicant to state the applicant's date of
27 birth. Failure to provide the date of birth does not affect the

1 applicant's eligibility for an exemption under that section, other
2 than an exemption under Section 11.13(c) or (d) for an individual 65
3 years of age or older or an exemption under Section 11.13(s) for an
4 individual 80 years of age or older.

5 (m) Notwithstanding Subsections (a) and (k), a person who
6 receives an exemption under Section 11.13, other than an exemption
7 under Section 11.13(c) or (d) for an individual 65 years of age or
8 older or an exemption under Section 11.13(s) for an individual 80
9 years of age or older, in a tax year is entitled to receive an
10 exemption under Section 11.13(c) or (d) for an individual 65 years
11 of age or older or an exemption under Section 11.13(s) for an
12 individual 80 years of age or older in the next tax year on the same
13 property without applying for the exemption if the person becomes
14 65 or 80 years of age, as applicable, in that next year as shown by:

15 (1) information in the records of the appraisal
16 district that was provided to the appraisal district by the
17 individual in an application for an exemption under Section 11.13
18 on the property or in correspondence relating to the property; or

19 (2) the information provided by the Texas Department
20 of Public Safety to the appraisal district under Section 521.049,
21 Transportation Code.

22 (o) The application form for an exemption authorized by
23 Section 11.13 must require an applicant for an exemption under
24 Subsection (c), ~~(d)~~, or (s) of that section who is not
25 specifically identified on a deed or other appropriate instrument
26 recorded in the applicable real property records as an owner of the
27 residence homestead to provide an affidavit or other compelling

1 evidence establishing the applicant's ownership of an interest in
2 the homestead.

3 (q) A chief appraiser may not cancel an exemption under
4 Section 11.13 that is received by an individual who is 65 years of
5 age or older without first providing written notice of the
6 cancellation to the individual receiving the exemption. The notice
7 must include a form on which the individual may indicate whether the
8 individual is qualified to receive the exemption and a
9 self-addressed postage prepaid envelope with instructions for
10 returning the form to the chief appraiser. The chief appraiser
11 shall consider the individual's response on the form in determining
12 whether to continue to allow the exemption. If the chief appraiser
13 does not receive a response on or before the 60th day after the date
14 the notice is mailed, the chief appraiser may cancel the exemption
15 on or after the 30th day after the expiration of the 60-day period,
16 but only after making a reasonable effort to locate the individual
17 and determine whether the individual is qualified to receive the
18 exemption. For purposes of this subsection, sending an additional
19 notice of cancellation that includes, in bold font equal to or
20 greater in size than the surrounding text, the date on which the
21 chief appraiser is authorized to cancel the exemption to the
22 individual receiving the exemption immediately after the
23 expiration of the 60-day period by first class mail in an envelope
24 on which is written, in all capital letters, "RETURN SERVICE
25 REQUESTED," or another appropriate statement directing the United
26 States Postal Service to return the notice if it is not deliverable
27 as addressed, or providing the additional notice in another manner

1 that the chief appraiser determines is appropriate, constitutes a
2 reasonable effort on the part of the chief appraiser. This
3 subsection does not apply to an exemption under Section 11.13(c) or
4 (d) for an individual 65 years of age or older or an exemption under
5 Section 11.13(s) for an individual 80 years of age or older that is
6 canceled because the chief appraiser determines that the individual
7 receiving the exemption no longer owns the property subject to the
8 exemption.

9 SECTION 4. Section 26.10(b), Tax Code, is amended to read as
10 follows:

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

18 (1) subtracting:

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

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

27 (2) multiplying the remainder determined under

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

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

6 SECTION 5. Section 26.112, Tax Code, is amended to read as
7 follows:

8 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF
9 CERTAIN PERSONS. (a) Except as provided by Section 26.10(b), if
10 at any time during a tax year property is owned by an individual who
11 qualifies for an exemption under Section 11.13(c), ~~or~~ (d), or
12 (s), 11.133, or 11.134, the amount of the tax due on the property
13 for the tax year is calculated as if the individual qualified for
14 the exemption on January 1 and continued to qualify for the
15 exemption for the remainder of the tax year.

16 (b) If an individual qualifies for an exemption under
17 Section 11.13(c), ~~or~~ (d), or (s), 11.133, or 11.134 with respect
18 to the property after the amount of the tax due on the property is
19 calculated and the effect of the qualification is to reduce the
20 amount of the tax due on the property, the assessor for each taxing
21 unit shall recalculate the amount of the tax due on the property and
22 correct the tax roll. If the tax bill has been mailed and the tax on
23 the property has not been paid, the assessor shall mail a corrected
24 tax bill to the person in whose name the property is listed on the
25 tax roll or to the person's authorized agent. If the tax on the
26 property has been paid, the tax collector for the taxing unit shall
27 refund to the person who paid the tax the amount by which the

1 payment exceeded the tax due.

2 SECTION 6. Section 33.01(d), Tax Code, is amended to read as
3 follows:

4 (d) In lieu of the penalty imposed under Subsection (a), a
5 delinquent tax incurs a penalty of 50 percent of the amount of the
6 tax without regard to the number of months the tax has been
7 delinquent if the tax is delinquent because the property owner
8 received an exemption under:

9 (1) Section 11.13 and the chief appraiser subsequently
10 cancels the exemption because the residence was not the principal
11 residence of the property owner and the property owner received an
12 exemption for two or more additional residence homesteads for the
13 tax year in which the tax was imposed;

14 (2) Section 11.13(c) or (d) for a person who is 65
15 years of age or older and the chief appraiser subsequently cancels
16 the exemption because the property owner was younger than 65 years
17 of age; ~~or~~

18 (3) Section 11.13(s) for a person who is 80 years of
19 age or older and the chief appraiser subsequently cancels the
20 exemption because the property owner was younger than 80 years of
21 age; or

22 (4) Section 11.13(q) or (t) and the chief appraiser
23 subsequently cancels the exemption because the property owner was
24 younger than 55 years of age when the property owner's spouse died.

25 SECTION 7. Subchapter A, Chapter 41, Education Code, is
26 amended by adding Section 41.0012 to read as follows:

27 Sec. 41.0012. COMPUTATION OF WEALTH PER STUDENT FOR

1 2020-2021 SCHOOL YEAR. Notwithstanding any other provision of this
2 chapter, in computing a school district's wealth per student for
3 the 2020-2021 school year, a school district's taxable value of
4 property under Subchapter M, Chapter 403, Government Code, is
5 determined as if the residence homestead exemption for a person 80
6 years of age or older or the person's surviving spouse under Section
7 1-b(q), Article VIII, Texas Constitution, as proposed by the 86th
8 Legislature, Regular Session, 2019, had been in effect for the 2019
9 tax year. This section expires September 1, 2021.

10 SECTION 8. Section 42.2518, Education Code, is amended by
11 adding Subsection (a-2) and amending Subsection (b) to read as
12 follows:

13 (a-2) Beginning with the 2020-2021 school year, in addition
14 to state aid a school district is entitled to under Subsection (a),
15 a school district is also entitled to additional state aid to the
16 extent that state and local revenue under this chapter and Chapter
17 41 is less than the state and local revenue that would have been
18 available to the district under Chapter 41 and this chapter as those
19 chapters existed on September 1, 2019, if the residence homestead
20 exemption for a person 80 years of age or older or the person's
21 surviving spouse under Section 1-b(q), Article VIII, Texas
22 Constitution, as proposed by the joint resolution to add that
23 subsection adopted by the 86th Legislature, Regular Session, 2019,
24 had not been adopted.

25 (b) The lesser of the school district's currently adopted
26 maintenance and operations tax rate or the adopted maintenance and
27 operations tax rate for:

1 (1) the 2014 tax year is used for the purpose of
2 determining additional state aid under Subsection (a); and

3 (2) the 2019 tax year is used for the purpose of
4 determining additional state aid under Subsection (a-2) [~~this~~
5 section].

6 SECTION 9. Section 42.252, Education Code, is amended by
7 adding Subsection (f) to read as follows:

8 (f) Notwithstanding any other provision of this chapter, in
9 computing each school district's local share of program cost under
10 this section for the 2020-2021 school year, a school district's
11 taxable value of property under Subchapter M, Chapter 403,
12 Government Code, is determined as if the residence homestead
13 exemption for a person 80 years of age or older or the person's
14 surviving spouse under Section 1-b(q), Article VIII, Texas
15 Constitution, as proposed by the 86th Legislature, Regular Session,
16 2019, had been in effect for the 2019 tax year. This subsection
17 expires September 1, 2021.

18 SECTION 10. Section 42.302, Education Code, is amended by
19 adding Subsection (h) to read as follows:

20 (h) Notwithstanding any other provision of this chapter, in
21 computing a school district's enrichment tax rate ("DTR") and local
22 revenue ("LR") for the 2020-2021 school year, a school district's
23 taxable value of property under Subchapter M, Chapter 403,
24 Government Code, is determined as if the residence homestead
25 exemption for a person 80 years of age or older or the person's
26 surviving spouse under Section 1-b(q), Article VIII, Texas
27 Constitution, as proposed by the 86th Legislature, Regular Session,

1 2019, had been in effect for the 2019 tax year. This subsection
2 expires September 1, 2021.

3 SECTION 11. Section 44.004(c), Education Code, is amended
4 to read as follows:

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

10 (1) contain a statement in the following form:

11 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
12 "The (name of school district) will hold a public meeting at
13 (time, date, year) in (name of room, building, physical location,
14 city, state). The purpose of this meeting is to discuss the school
15 district's budget that will determine the tax rate that will be
16 adopted. Public participation in the discussion is invited." The
17 statement of the purpose of the meeting must be in bold type. In
18 reduced type, the notice must state: "The tax rate that is
19 ultimately adopted at this meeting or at a separate meeting at a
20 later date may not exceed the proposed rate shown below unless the
21 district publishes a revised notice containing the same information
22 and comparisons set out below and holds another public meeting to
23 discuss the revised notice.";

24 (2) contain a section entitled "Comparison of Proposed
25 Budget with Last Year's Budget," which must show the difference,
26 expressed as a percent increase or decrease, as applicable, in the
27 amounts budgeted for the preceding fiscal year and the amount

1 budgeted for the fiscal year that begins in the current tax year for
2 each of the following:

3 (A) maintenance and operations;

4 (B) debt service; and

5 (C) total expenditures;

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

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

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

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

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

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

25 (a) in the case of "Maintenance &
26 Operations," is the tax rate that, when applied to the current
27 taxable value for the district, as certified by the chief appraiser

1 under Section 26.01, Tax Code, and as adjusted to reflect changes
2 made by the chief appraiser as of the time the notice is prepared,
3 would impose taxes in an amount that, when added to state funds to
4 be distributed to the district under Chapter 42, would provide the
5 same amount of maintenance and operations taxes and state funds
6 distributed under Chapter 42 per student in average daily
7 attendance for the applicable school year that was available to the
8 district in the preceding school year; and

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

20 (iii) the "Proposed Rate";

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

24 (i) the "Local Revenue per Student," which
25 is computed by multiplying the district's total taxable value of
26 property, as certified by the chief appraiser for the applicable
27 school year under Section 26.01, Tax Code, and as adjusted to

1 reflect changes made by the chief appraiser as of the time the
2 notice is prepared, by the total tax rate, and dividing the product
3 by the number of students in average daily attendance in the
4 district for the applicable school year; and

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

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

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

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

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

23 (ii) "Average Taxable Value of Residences,"
24 determined after taking into account the limitation on the
25 appraised value of residences under Section 23.23, Tax Code, and
26 after subtracting all homestead exemptions applicable in each year,
27 other than exemptions available only to disabled persons, ~~[or]~~

1 persons 65 years of age or older or their surviving spouses, or
2 persons 80 years of age or older or their surviving spouses, and
3 using the same group of residences for each year;

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

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

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

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

20 (8) contain the following statement in bold
21 print: "Notice of Rollback Rate: The highest tax rate the
22 district can adopt before requiring voter approval at an election
23 is (the school district rollback rate determined under Section
24 26.08, Tax Code). This election will be automatically held if the
25 district adopts a rate in excess of the rollback rate of (the school
26 district rollback rate)."; ~~and~~

27 (9) contain a section entitled "Fund Balances," which

1 must include the estimated amount of interest and sinking fund
2 balances and the estimated amount of maintenance and operation or
3 general fund balances remaining at the end of the current fiscal
4 year that are not encumbered with or by corresponding debt
5 obligation, less estimated funds necessary for the operation of the
6 district before the receipt of the first payment under Chapter 42 in
7 the succeeding school year; and

8 (10) contain the following statement in bold
9 print: "Under state law, the residence of a person 80 years of age
10 or older or of the surviving spouse of such a person, if the
11 surviving spouse was 55 years of age or older when the person died,
12 is exempt from taxes."

13 SECTION 12. Section 46.003, Education Code, is amended by
14 adding Subsection (j) to read as follows:

15 (j) Notwithstanding any other provision of this chapter, in
16 computing a district's bond tax rate ("BTR") and taxable value of
17 property ("DPV") for the 2020-2021 school year, a school district's
18 taxable value of property under Subchapter M, Chapter 403,
19 Government Code, is determined as if the residence homestead
20 exemption for a person 80 years of age or older or the person's
21 surviving spouse under Section 1-b(q), Article VIII, Texas
22 Constitution, as proposed by the 86th Legislature, Regular Session,
23 2019, had been in effect for the 2019 tax year. This subsection
24 expires September 1, 2021.

25 SECTION 13. Section 46.032, Education Code, is amended by
26 adding Subsection (e) to read as follows:

27 (e) Notwithstanding any other provision of this chapter, in

1 computing a district's existing debt tax rate ("EDTR") and taxable
2 value of property ("DPV") for the 2020-2021 school year, a school
3 district's taxable value of property under Subchapter M, Chapter
4 403, Government Code, is determined as if the residence homestead
5 exemption for a person 80 years of age or older or the person's
6 surviving spouse under Section 1-b(q), Article VIII, Texas
7 Constitution, as proposed by the 86th Legislature, Regular Session,
8 2019, had been in effect for the 2019 tax year. This subsection
9 expires September 1, 2021.

10 SECTION 14. Section 46.071, Education Code, is amended by
11 adding Subsection (a-2) and amending Subsections (b) and (c) to
12 read as follows:

13 (a-2) Beginning with the 2020-2021 school year, in addition
14 to state aid a school district is entitled to under Subsection (a),
15 a school district is also entitled to additional state aid under
16 this subchapter to the extent that state and local revenue used to
17 service debt eligible under this chapter is less than the state and
18 local revenue that would have been available to the district under
19 this chapter as it existed on September 1, 2019, if the residence
20 homestead exemption for a person 80 years of age or older or the
21 person's surviving spouse under Section 1-b(q), Article VIII, Texas
22 Constitution, as proposed by the 86th Legislature, Regular Session,
23 2019, had not been adopted.

24 (b) Subject to Subsections (c)-(e), additional state aid
25 under this section is equal to the amount by which the loss of local
26 interest and sinking revenue for debt service attributable to the
27 increase in the residence homestead exemption under Section 1-b(c),

1 Article VIII, Texas Constitution, and the additional limitation on
2 tax increases under Section 1-b(d) of that article as proposed by
3 S.J.R. 1, 84th Legislature, Regular Session, 2015, and the
4 residence homestead exemption under Section 1-b(g), Article VIII,
5 Texas Constitution, as proposed by the 86th Legislature, Regular
6 Session, 2019, is not offset by a gain in state aid under this
7 chapter.

8 (c) For the purpose of determining state aid under
9 Subsection (a) or (a-2) [~~this section~~], local interest and sinking
10 revenue for debt service is limited to revenue required to service
11 debt eligible under this chapter as of September 1, 2015, or as of
12 September 1, 2019, respectively, including refunding of the
13 applicable [~~that~~] debt, subject to Section 46.061. The limitation
14 imposed by Section 46.034(a) does not apply for the purpose of
15 determining state aid under Subsection (a) or (a-2) [~~this section~~].

16 SECTION 15. Section 403.302(d-1), Government Code, is
17 amended to read as follows:

18 (d-1) For purposes of Subsection (d), a residence homestead
19 that receives an exemption under Section 11.13(s) or (t), 11.131,
20 11.133, or 11.134, Tax Code, in the year that is the subject of the
21 study is not considered to be taxable property.

22 SECTION 16. The exemptions from ad valorem taxation of a
23 residence homestead authorized by Sections 11.13(s) and (t), Tax
24 Code, as added by this Act, apply only to taxes imposed beginning
25 with the 2020 tax year.

26 SECTION 17. This Act takes effect January 1, 2020, but only
27 if the constitutional amendment proposed by the 86th Legislature,

1 Regular Session, 2019, to exempt from ad valorem taxation the total
2 market value of the residence homesteads of certain elderly persons
3 and their surviving spouses is approved by the voters. If that
4 constitutional amendment is not approved by the voters, this Act
5 has no effect.