

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

1 homestead of a disabled individual or an individual 65 years of age
2 or older above the amount of the taxes the [~~county, municipality, or~~
3 ~~junior college~~] district imposed on the residence homestead in the
4 first tax year, other than a tax year preceding the tax year in
5 which the [~~county, municipality, or junior college~~] district
6 established the limitation described by Subsection (a), in which
7 the individual qualified that residence homestead for the exemption
8 provided by Section 11.13(c) for a disabled individual or an
9 individual 65 years of age or older. If the individual qualified
10 that residence homestead for the exemption after the beginning of
11 that first year and the residence homestead remains eligible for
12 the exemption for the next year, and if the [~~+~~] district taxes
13 imposed on the residence homestead in the next year are less than
14 the amount of taxes imposed in that first year, a [~~county,~~
15 ~~municipality, or junior college~~] district may not subsequently
16 increase the total annual amount of ad valorem taxes it imposes on
17 the residence homestead above the amount it imposed on the
18 residence homestead in the year immediately following the first
19 year, other than a tax year preceding the tax year in which the
20 [~~county, municipality, or junior college~~] district established the
21 limitation described by Subsection (a), for which the individual
22 qualified that residence homestead for the exemption.

23 (c) If an individual makes improvements to the individual's
24 residence homestead, other than repairs and other than improvements
25 required to comply with governmental requirements, the [~~county,~~
26 ~~municipality, or junior college~~] district may increase the amount
27 of taxes on the homestead in the first year the value of the

1 homestead is increased on the appraisal roll because of the
2 enhancement of value by the improvements. The amount of the tax
3 increase is determined by applying the current tax rate to the
4 difference between the appraised value of the homestead with the
5 improvements and the appraised value it would have had without the
6 improvements. A limitation provided by this section then applies
7 to the increased amount of [~~county, municipal, or junior college~~]
8 district taxes on the residence homestead until more improvements,
9 if any, are made.

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

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

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

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

1 the tax that was imposed because of the provisions of this section.

2 (f) A limitation on tax increases provided by this section
3 does not expire because the owner of an interest in the structure
4 conveys the interest to a qualifying trust as defined by Section
5 [11.13](#)(j) if the owner or the owner's spouse is a trustor of the
6 trust and is entitled to occupy the structure.

7 (g) Except as provided by Subsection (c), if an individual
8 who receives a limitation on [~~county, municipal, or junior college~~]
9 district tax increases provided by this section subsequently
10 qualifies a different residence homestead in the same [~~county,~~
11 ~~municipality, or junior college~~] district for an exemption under
12 Section [11.13](#), the [~~county, municipality, or junior college~~]
13 district may not impose ad valorem taxes on the subsequently
14 qualified homestead in a year in an amount that exceeds the amount
15 of taxes the [~~county, municipality, or junior college~~] district
16 would have imposed on the subsequently qualified homestead in the
17 first year in which the individual receives that exemption for the
18 subsequently qualified homestead had the limitation on tax
19 increases provided by this section not been in effect, multiplied
20 by a fraction the numerator of which is the total amount of taxes
21 the [~~county, municipality, or junior college~~] district imposed on
22 the former homestead in the last year in which the individual
23 received that exemption for the former homestead and the
24 denominator of which is the total amount of taxes the [~~county,~~
25 ~~municipality, or junior college~~] district would have imposed on the
26 former homestead in the last year in which the individual received
27 that exemption for the former homestead had the limitation on tax

1 increases provided by this section not been in effect.

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

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

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

23 (2) the residence homestead of the individual:

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

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

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

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

25 (l) Notwithstanding Subsection (d), a limitation on
26 [~~county, municipal, or junior college~~] district tax increases
27 provided by this section does not expire if the owner of the

1 structure qualifies for an exemption under Section [11.13](#) under the
2 circumstances described by Section [11.135](#)(a).

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

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

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

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