

By: Israel

H.B. No. 4135

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

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

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