**BILL ANALYSIS**

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| Senate Research Center | S.B. 8 |
| 87S20016 TJB/MEW-D | By: Bettencourt |
|  | Local Government |
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|  | As Filed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law when a homeowner purchases their home, the homeowner must wait till January 1 of the following year to receive the benefit of their homestead exemption provided by Texas law. This means that a new homeowner loses out on anywhere from a few months to almost a full year of their homestead exemption, depending on when their property was acquired.

S.B. 8 seeks to address this issue by allowing a homeowner to receive their homestead exemption in the year that they acquire the property, rather than having to wait for January 1 of the following year. When a homeowner provides the appropriate central appraisal district with all of the required and necessary documents to receive a homestead exemption, that exemption will begin at that time.

If an individual qualifies to receive this exemption with respect to a property after the amount of tax due on the property is calculated, and if the effect of the qualification is to reduce the amount of tax due on the property, the assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the individual in whose name the property is listed on the tax roll or to the individual's authorized agent. If the tax on the property has been paid, the collector for the taxing unit shall refund to the individual who paid the tax the amount by which the payment exceeded the tax due.

S.B. 8 seeks to allow a homeowner the benefit of the homestead exemption in the year in which they acquire the property.

As proposed, S.B. 8 amends current law relating to the authority of a person who acquires a residence homestead to receive an ad valorem tax exemption for the homestead in the year in which the property is acquired and to the protection of school districts against the resulting loss in revenue.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1.  Amends Section 11.42, Tax Code, by adding Subsection (f), as follows:

(f)  Authorizes a person who acquires property after January 1 of a tax year to receive an exemption authorized by Section 11.13 (Residence Homestead), other than an exemption authorized by Section 11.13(c) (relating to an entitlement to an additional $10,000 exemption from taxation by a school district on the appraised value of a residence homestead of an adult who is disabled or is 65 or older) or (d) (relating to the entitlement of a disabled adult or an individual 65 or older to the exemption from taxation by a taxing unit of a portion of the appraised value of the owner's residence homestead if the exemption is adopted under certain conditions), for the applicable portion of that tax year immediately on qualification for the exemption if the preceding owner did not receive the same exemption for that tax year.

SECTION 2. Amends Section 11.43(d), Tax Code, as follows:

(d) Requires a person who after January 1 of a tax year acquires property that qualifies for an exemption covered by Section 11.42(d) or (f), rather than by Section 11.42(d), to apply for the exemption for the applicable portion of that tax year before the first anniversary of the date the person acquires the property.

SECTION 3. Amends Section 23.23, Tax Code, by adding Subsection (c-1), as follows:

(c-1) Provides that, for purposes of Subsection (c), an owner who receives an exemption as provided by Section 11.42(f) is considered to have qualified the property for the exemption as of January 1 of the tax year following the tax year in which the owner acquired the property.

SECTION 4.  Amends Chapter 26, Tax Code, by adding Section 26.1115, as follows:

Sec. 26.1115.  CALCULATION OF TAXES ON RESIDENCE HOMESTEAD GENERALLY. (a) Provides that if an individual receives one or more exemptions under Section 11.13 for a portion of a tax year as provided by Section 11.42(f), except as provided by Subsection (b) of this section, the amount of tax due on the property for that year is calculated by:

(1)  subtracting:

(A)  the amount of the taxes that otherwise would be imposed on the property for the entire year had the individual qualified for the exemptions for the entire year; from

(B)  the amount of the taxes that otherwise would be imposed on the property for the entire year had the individual not qualified for the exemptions during the year;

(2)  multiplying the remainder determined under Subdivision (1) by a fraction, the denominator of which is 365 and the numerator of which is the number of days in that year that elapsed before the date the individual first qualified the property for the exemptions; and

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

(b)  Provides that if an individual receives one or more exemptions to which Subsection (a) of this section applies for a portion of a tax year as provided by Section 11.42(f) and the exemptions terminate during the year in which the individual acquired the property, the amount of tax due on the property for that year is calculated by:

(1)  subtracting:

(A)  the amount of the taxes that otherwise would be imposed on the property for the entire year had the individual qualified for the exemptions for the entire year; from

(B)  the amount of the taxes that otherwise would be imposed on the property for the entire year had the individual not qualified for the exemptions during the year;

(2)  multiplying the remainder determined under Subdivision (1) by a fraction, the denominator of which is 365 and the numerator of which is the sum of:

(A)  the number of days in that year that elapsed before the date the individual first qualified the property for the exemptions; and

(B)  the number of days in that year that elapsed after the date the exemptions terminated; and

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

(c)  Requires the assessor for each taxing unit, if an individual qualifies to receive an exemption as described by Subsection (a) with respect to a property after the amount of tax due on the property is calculated and if the effect of the qualification is to reduce the amount of tax due on the property, to recalculate the amount of the tax due on the property and correct the tax roll. Requires the assessor, if the tax bill has been mailed and the tax on the property has not been paid, to mail a corrected tax bill to the individual in whose name the property is listed on the tax roll or to the individual's authorized agent. Requires the collector for the taxing unit, if the tax on the property has been paid, to refund to the individual who paid the tax the amount by which the payment exceeded the tax due.

SECTION 5. Amends Section 39.082, Education Code, by adding Subsection (c-1), as follows:

(c-1) Prohibits the system from including an indicator under Subsection (b) or any other performance measure that penalizes a school district for failure to collect the amount of taxes equal to the total amount of tax refunds provided under Section 26.1115(c), Tax Code.

SECTION 6. Amends Section 48.202, Education Code, by adding Subsection (e-1), as follows:

(e-1) Provides that, for purposes of Section 48.202 (Tier Two Allotment), the total amount of maintenance and operations taxes collected by a school district includes the amount of taxes refunded under Section 26.1115(c), Tax Code.

SECTION 7. Amends Subchapter F, Chapter 48, Education Code, by adding Section 48.2541, as follows:

Sec. 48.2541. ADDITIONAL STATE AID FOR CERTAIN AD VALOREM TAX REFUNDS. Provides that for each school year, a school district, including a school district that is otherwise ineligible for state aid under Chapter 48 (Foundation School Program), is entitled to state aid in an amount equal to the amount of all tax refunds provided under Section 26.1115(c), Tax Code.

SECTION 8.  Provides that this Act applies only to a residence homestead acquired on or after the effective date of this Act.

SECTION 9.  Effective date: January 1, 2022.