By:  Hall S.B. No. 24

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of a limitation on the total amount of ad valorem taxes that may be imposed by certain taxing units on the residence homestead of an individual who is elderly or disabled.

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

SECTION 1.  Sections 11.26(a) and (g), Tax Code, are amended to read as follows:

(a)  The tax officials shall appraise [~~the~~] property to which this section applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation imposed by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. A school district may not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled, as defined by Section 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for the applicable exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or is disabled. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the same exemption for the next year, and if the school district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a school district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed in the year immediately following the first year for which the individual qualified that residence homestead for the same exemption[~~, except as provided by Subsection (b)~~]. If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2022 [~~2015~~] tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2022 [~~2014~~] tax year [~~less an amount equal to the amount determined by multiplying $10,000 times the tax rate of the school district for the 2015 tax year, plus any 2015 tax attributable to improvements made in 2014, other than improvements made to comply with governmental regulations or repairs~~].

(g)  If [~~Except as provided by Subsection (b), if~~] an individual who receives a limitation on tax increases imposed by this section, including a surviving spouse who receives a limitation under Subsection (i), subsequently qualifies a different residence homestead for the same exemption under Section 11.13, a school district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the school district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that same exemption for the subsequently qualified homestead had the limitation on tax increases imposed by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of school district taxes imposed on the former homestead in the last year in which the individual received that same exemption for the former homestead and the denominator of which is the total amount of school district taxes that would have been imposed on the former homestead in the last year in which the individual received that same exemption for the former homestead had the limitation on tax increases imposed by this section not been in effect.

SECTION 2.  Sections 11.261(b) and (g), Tax Code, are amended to read as follows:

(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 homestead of a disabled individual or an individual 65 years of age or older above the amount of the taxes the county, municipality, or junior college district imposed on the residence homestead in the first tax year, other than a tax year preceding the tax year in which the county, municipality, or junior college district established the limitation described by Subsection (a), in which the individual qualified that residence homestead for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the exemption for the next year, and if the county, municipal, or junior college district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a county, municipality, or junior college district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed on the residence homestead in the year immediately following the first year, other than a tax year preceding the tax year in which the county, municipality, or junior college district established the limitation described by Subsection (a), for which the individual qualified that residence homestead for the exemption. If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or who is disabled was a tax year before the 2022 tax year, the amount of the limitation provided by this section is the amount of tax the county, municipality, or junior college district imposed for the 2022 tax year.

(g)  If [~~Except as provided by Subsection (c), if~~] an individual who receives a limitation on county, municipal, or junior college district tax increases provided by this section subsequently qualifies a different residence homestead in the same county, municipality, or junior college district for an exemption under Section 11.13, the county, municipality, or junior college district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the county, municipality, or junior college district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that exemption for the subsequently qualified homestead had the limitation on tax increases provided by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of taxes the county, municipality, or junior college district imposed on the former homestead in the last year in which the individual received that exemption for the former homestead and the denominator of which is the total amount of taxes the county, municipality, or junior college district would have imposed on the former homestead in the last year in which the individual received that exemption for the former homestead had the limitation on tax increases provided by this section not been in effect.

SECTION 3.  The following provisions of the Tax Code are repealed:

(1)  Sections 11.26(a-1), (a-2), (a-3), (b), and (o); and

(2)  Sections 11.261(c) and (m).

SECTION 4.  The changes in law made by this Act apply only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

SECTION 5.  This Act takes effect January 1, 2023, but only if the constitutional amendment proposed by the 87th Legislature, 2nd Called Session, 2021, relating to the calculation of a limitation on the total amount of ad valorem taxes that may be imposed by certain political subdivisions on the residence homestead of a person who is elderly or disabled is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.