87R2685 SMT-F

By:  Shine H.B. No. 993

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a limitation on the total amount of ad valorem taxes that certain taxing units may impose on the residence homesteads of individuals who are disabled or elderly and their surviving spouses.

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

SECTION 1.  Sections 11.261(b), (d), (e), (f), (g), (i), (j), and (l), Tax Code, are amended to read as follows:

(b)  The tax officials shall appraise the property to which this section [~~the limitation~~] applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation required [~~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. A [~~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 an individual who is [~~a~~] disabled [~~individual~~] or is [~~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 an individual who is [~~a~~] disabled [~~individual~~] or is [~~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.

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

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

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

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

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

(g)  Except as provided by Subsection (c), if an individual who receives a limitation on county, municipal, or junior college district tax increases required [~~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 required [~~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 required [~~provided~~] by this section not been in effect.

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

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

(2)  the residence homestead of the individual:

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

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

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

(l)  Notwithstanding Subsection (d), the [~~a~~] limitation on county, municipal, or junior college district tax increases required [~~provided~~] by this section does not expire if the owner of the structure qualifies for an exemption under Section 11.13 under the circumstances described by Section 11.135(a).

SECTION 2.  Section 11.261(a), Tax Code, is repealed.

SECTION 3.  This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4.  This Act takes effect January 1, 2022, but only if the constitutional amendment to establish a limitation on the total amount of ad valorem taxes that certain political subdivisions may impose on the residence homesteads of persons who are disabled or elderly and their surviving spouses is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.