

By: J. Johnson of Harris

H.B. No. 1762

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an exemption from ad valorem taxation of the total  
3 appraised value of the residence homesteads of certain elderly  
4 persons and their surviving spouses.

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

6 SECTION 1. Section 11.13, Tax Code, is amended by amending  
7 Subsection (i) and adding Subsections (v) and (w) to read as  
8 follows:

9 (i) The assessor and collector for a taxing unit may  
10 disregard the exemptions authorized by Subsection (b), (c), (d),  
11 ~~[or] (n), (v), or (w) [of this section]~~ and assess and collect a tax  
12 pledged for payment of debt without deducting the amount of the  
13 exemption if:

14 (1) prior to adoption of the exemption, the unit  
15 pledged the taxes for the payment of a debt; and

16 (2) granting the exemption would impair the obligation  
17 of the contract creating the debt.

18 (v) In addition to any other exemptions provided by this  
19 section, an individual is entitled to an exemption from taxation of  
20 the total appraised value of the individual's residence homestead  
21 if:

22 (1) the individual is 80 years of age or older; and

23 (2) the individual has received an exemption under  
24 this section for the residence homestead for at least the preceding

1 10 years.

2 (w) The surviving spouse of an individual who qualified for  
3 an exemption under Subsection (v) is entitled to an exemption from  
4 taxation of the total appraised value of the same property to which  
5 the deceased spouse's exemption applied if:

6 (1) the deceased spouse died in a year in which the  
7 deceased spouse qualified for the exemption;

8 (2) the surviving spouse was 55 years of age or older  
9 when the deceased spouse died; and

10 (3) the property was the residence homestead of the  
11 surviving spouse when the deceased spouse died and remains the  
12 residence homestead of the surviving spouse.

13 SECTION 2. Section 11.42(c), Tax Code, is amended to read as  
14 follows:

15 (c) An exemption authorized by Section 11.13(c), ~~(d)~~,  
16 or (v), 11.132, 11.133, or 11.134 is effective as of January 1 of  
17 the tax year in which the person qualifies for the exemption and  
18 applies to the entire tax year.

19 SECTION 3. Sections 11.43(k), (l), (m), and (q), Tax Code,  
20 are amended to read as follows:

21 (k) A person who qualifies for an exemption authorized by  
22 Section 11.13(c), ~~(d)~~, or (v) or 11.132 must apply for the  
23 exemption no later than the first anniversary of the date the person  
24 qualified for the exemption.

25 (l) The form for an application under Section 11.13 must  
26 include a space for the applicant to state the applicant's date of  
27 birth. Failure to provide the date of birth does not affect the

1 applicant's eligibility for an exemption under that section, other  
2 than an exemption under Section 11.13(c) or (d) for an individual 65  
3 years of age or older or an exemption under Section 11.13(v) for an  
4 individual 80 years of age or older.

5 (m) Notwithstanding Subsections (a) and (k), a person who  
6 receives an exemption under Section 11.13, other than an exemption  
7 under Section 11.13(c) or (d) for an individual 65 years of age or  
8 older or an exemption under Section 11.13(v) for an individual 80  
9 years of age or older, in a tax year is entitled to receive an  
10 exemption under Section 11.13(c) or (d) for an individual 65 years  
11 of age or older or an exemption under Section 11.13(v) for an  
12 individual 80 years of age or older in the next tax year on the same  
13 property without applying for the exemption if the person becomes  
14 65 or 80 years of age, as applicable, in that next year as shown by:

15 (1) information in the records of the appraisal  
16 district that was provided to the appraisal district by the  
17 individual in an application for an exemption under Section 11.13  
18 on the property or in correspondence relating to the property; or

19 (2) the information provided by the Texas Department  
20 of Public Safety to the appraisal district under Section 521.049,  
21 Transportation Code.

22 (q) A chief appraiser may not cancel an exemption under  
23 Section 11.13 that is received by an individual who is 65 years of  
24 age or older without first providing written notice of the  
25 cancellation to the individual receiving the exemption. The notice  
26 must include a form on which the individual may indicate whether the  
27 individual is qualified to receive the exemption and a

1 self-addressed postage prepaid envelope with instructions for  
2 returning the form to the chief appraiser. The chief appraiser  
3 shall consider the individual's response on the form in determining  
4 whether to continue to allow the exemption. If the chief appraiser  
5 does not receive a response on or before the 60th day after the date  
6 the notice is mailed, the chief appraiser may cancel the exemption  
7 on or after the 30th day after the expiration of the 60-day period,  
8 but only after making a reasonable effort to locate the individual  
9 and determine whether the individual is qualified to receive the  
10 exemption. For purposes of this subsection, sending an additional  
11 notice of cancellation that includes, in bold font equal to or  
12 greater in size than the surrounding text, the date on which the  
13 chief appraiser is authorized to cancel the exemption to the  
14 individual receiving the exemption immediately after the  
15 expiration of the 60-day period by first class mail in an envelope  
16 on which is written, in all capital letters, "RETURN SERVICE  
17 REQUESTED," or another appropriate statement directing the United  
18 States Postal Service to return the notice if it is not deliverable  
19 as addressed, or providing the additional notice in another manner  
20 that the chief appraiser determines is appropriate, constitutes a  
21 reasonable effort on the part of the chief appraiser. This  
22 subsection does not apply to an exemption under Section 11.13(c) or  
23 (d) for an individual 65 years of age or older or an exemption under  
24 Section 11.13(v) for an individual 80 years of age or older that is  
25 canceled because the chief appraiser determines that the individual  
26 receiving the exemption no longer owns the property subject to the  
27 exemption.

1 SECTION 4. Section 26.10(b), Tax Code, is amended to read as  
2 follows:

3 (b) If the appraisal roll shows that a residence homestead  
4 exemption under Section 11.13(c), ~~[or]~~ (d), or (v), 11.132, 11.133,  
5 or 11.134 applicable to a property on January 1 of a year terminated  
6 during the year and if the owner of the property qualifies a  
7 different property for one of those residence homestead exemptions  
8 during the same year, the tax due against the former residence  
9 homestead is calculated by:

10 (1) subtracting:

11 (A) the amount of the taxes that otherwise would  
12 be imposed on the former residence homestead for the entire year had  
13 the owner qualified for the residence homestead exemption for the  
14 entire year; from

15 (B) the amount of the taxes that otherwise would  
16 be imposed on the former residence homestead for the entire year had  
17 the owner not qualified for the residence homestead exemption  
18 during the year;

19 (2) multiplying the remainder determined under  
20 Subdivision (1) by a fraction, the denominator of which is 365 and  
21 the numerator of which is the number of days that elapsed after the  
22 date the exemption terminated; and

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

25 SECTION 5. Section 26.112, Tax Code, is amended to read as  
26 follows:

27 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF

1 CERTAIN PERSONS. (a) Except as provided by Section 26.10(b), if at  
2 any time during a tax year property is owned by an individual who  
3 qualifies for an exemption under Section 11.13(c), ~~or~~ (d), or  
4 (v), 11.133, or 11.134, the amount of the tax due on the property  
5 for the tax year is calculated as if the individual qualified for  
6 the exemption on January 1 and continued to qualify for the  
7 exemption for the remainder of the tax year.

8 (b) If an individual qualifies for an exemption under  
9 Section 11.13(c), ~~or~~ (d), or (v), 11.133, or 11.134 with respect  
10 to the property after the amount of the tax due on the property is  
11 calculated and the effect of the qualification is to reduce the  
12 amount of the tax due on the property, the assessor for each taxing  
13 unit shall recalculate the amount of the tax due on the property and  
14 correct the tax roll. If the tax bill has been mailed and the tax on  
15 the property has not been paid, the assessor shall mail a corrected  
16 tax bill to the person in whose name the property is listed on the  
17 tax roll or to the person's authorized agent. If the tax on the  
18 property has been paid, the tax collector for the taxing unit shall  
19 refund to the person who was the owner of the property on the date  
20 the tax was paid the amount by which the payment exceeded the tax  
21 due.

22 SECTION 6. Section 33.01(d), Tax Code, is amended to read as  
23 follows:

24 (d) In lieu of the penalty imposed under Subsection (a), a  
25 delinquent tax incurs a penalty of 50 percent of the amount of the  
26 tax without regard to the number of months the tax has been  
27 delinquent if the tax is delinquent because the property owner

1 received an exemption under:

2 (1) Section 11.13 and the chief appraiser subsequently  
3 cancels the exemption because the residence was not the principal  
4 residence of the property owner and the property owner received an  
5 exemption for two or more additional residence homesteads for the  
6 tax year in which the tax was imposed;

7 (2) Section 11.13(c) or (d) for a person who is 65  
8 years of age or older and the chief appraiser subsequently cancels  
9 the exemption because the property owner was younger than 65 years  
10 of age; ~~or~~

11 (3) Section 11.13(v) for a person who is 80 years of  
12 age or older and the chief appraiser subsequently cancels the  
13 exemption because the property owner was younger than 80 years of  
14 age; or

15 (4) Section 11.13(q) or (w) and the chief appraiser  
16 subsequently cancels the exemption because the property owner was  
17 younger than 55 years of age when the property owner's spouse died.

18 SECTION 7. Section 44.004(c), Education Code, is amended to  
19 read as follows:

20 (c) The notice of public meeting to discuss and adopt the  
21 budget and the proposed tax rate may not be smaller than one-quarter  
22 page of a standard-size or a tabloid-size newspaper, and the  
23 headline on the notice must be in 18-point or larger type. Subject  
24 to Subsection (d), the notice must:

25 (1) contain a statement in the following form:

26 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

27 "The (name of school district) will hold a public meeting at

1 (time, date, year) in (name of room, building, physical location,  
2 city, state). The purpose of this meeting is to discuss the school  
3 district's budget that will determine the tax rate that will be  
4 adopted. Public participation in the discussion is invited." The  
5 statement of the purpose of the meeting must be in bold type. In  
6 reduced type, the notice must state: "The tax rate that is  
7 ultimately adopted at this meeting or at a separate meeting at a  
8 later date may not exceed the proposed rate shown below unless the  
9 district publishes a revised notice containing the same information  
10 and comparisons set out below and holds another public meeting to  
11 discuss the revised notice.";

12 (2) contain a section entitled "Comparison of Proposed  
13 Budget with Last Year's Budget," which must show the difference,  
14 expressed as a percent increase or decrease, as applicable, in the  
15 amounts budgeted for the preceding fiscal year and the amount  
16 budgeted for the fiscal year that begins in the current tax year for  
17 each of the following:

- 18 (A) maintenance and operations;
- 19 (B) debt service; and
- 20 (C) total expenditures;

21 (3) contain a section entitled "Total Appraised Value  
22 and Total Taxable Value," which must show the total appraised value  
23 and the total taxable value of all property and the total appraised  
24 value and the total taxable value of new property taxable by the  
25 district in the preceding tax year and the current tax year as  
26 calculated under Section [26.04](#), Tax Code;

27 (4) contain a statement of the total amount of the



1 outstanding and unpaid bonded indebtedness of the school district;

2 (5) contain a section entitled "Comparison of Proposed  
3 Rates with Last Year's Rates," which must:

4 (A) show in rows the tax rates described by  
5 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of  
6 property, for columns entitled "Maintenance & Operations,"  
7 "Interest & Sinking Fund," and "Total," which is the sum of  
8 "Maintenance & Operations" and "Interest & Sinking Fund":

9 (i) the school district's "Last Year's  
10 Rate";

11 (ii) the "Rate to Maintain Same Level of  
12 Maintenance & Operations Revenue & Pay Debt Service," which:

13 (a) in the case of "Maintenance &  
14 Operations," is the tax rate that, when applied to the current  
15 taxable value for the district, as certified by the chief appraiser  
16 under Section 26.01, Tax Code, and as adjusted to reflect changes  
17 made by the chief appraiser as of the time the notice is prepared,  
18 would impose taxes in an amount that, when added to state funds to  
19 be distributed to the district under Chapter 48, would provide the  
20 same amount of maintenance and operations taxes and state funds  
21 distributed under Chapter 48 per student in average daily  
22 attendance for the applicable school year that was available to the  
23 district in the preceding school year; and

24 (b) in the case of "Interest & Sinking  
25 Fund," is the tax rate that, when applied to the current taxable  
26 value for the district, as certified by the chief appraiser under  
27 Section 26.01, Tax Code, and as adjusted to reflect changes made by

1 the chief appraiser as of the time the notice is prepared, and when  
2 multiplied by the district's anticipated collection rate, would  
3 impose taxes in an amount that, when added to state funds to be  
4 distributed to the district under Chapter 46 and any excess taxes  
5 collected to service the district's debt during the preceding tax  
6 year but not used for that purpose during that year, would provide  
7 the amount required to service the district's debt; and

8 (iii) the "Proposed Rate";

9 (B) contain fourth and fifth columns aligned with  
10 the columns required by Paragraph (A) that show, for each row  
11 required by Paragraph (A):

12 (i) the "Local Revenue per Student," which  
13 is computed by multiplying the district's total taxable value of  
14 property, as certified by the chief appraiser for the applicable  
15 school year under Section 26.01, Tax Code, and as adjusted to  
16 reflect changes made by the chief appraiser as of the time the  
17 notice is prepared, by the total tax rate, and dividing the product  
18 by the number of students in average daily attendance in the  
19 district for the applicable school year; and

20 (ii) the "State Revenue per Student," which  
21 is computed by determining the amount of state aid received or to be  
22 received by the district under Chapters 43, 46, and 48 and dividing  
23 that amount by the number of students in average daily attendance in  
24 the district for the applicable school year; and

25 (C) contain an asterisk after each calculation  
26 for "Interest & Sinking Fund" and a footnote to the section that, in  
27 reduced type, states "The Interest & Sinking Fund tax revenue is

1 used to pay for bonded indebtedness on construction, equipment, or  
2 both. The bonds, and the tax rate necessary to pay those bonds, were  
3 approved by the voters of this district.";

4 (6) contain a section entitled "Comparison of Proposed  
5 Levy with Last Year's Levy on Average Residence," which must:

6 (A) show in rows the information described by  
7 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns  
8 entitled "Last Year" and "This Year":

9 (i) "Average Market Value of Residences,"  
10 determined using the same group of residences for each year;

11 (ii) "Average Taxable Value of Residences,"  
12 determined after taking into account the limitation on the  
13 appraised value of residences under Section 23.23, Tax Code, and  
14 after subtracting all homestead exemptions applicable in each year,  
15 other than exemptions available only to disabled persons, ~~[or]~~  
16 persons 65 years of age or older or their surviving spouses, or  
17 persons 80 years of age or older or their surviving spouses, and  
18 using the same group of residences for each year;

19 (iii) "Last Year's Rate Versus Proposed  
20 Rate per \$100 Value"; and

21 (iv) "Taxes Due on Average Residence,"  
22 determined using the same group of residences for each year; and

23 (B) contain the following information: "Increase  
24 (Decrease) in Taxes" expressed in dollars and cents, which is  
25 computed by subtracting the "Taxes Due on Average Residence" for  
26 the preceding tax year from the "Taxes Due on Average Residence" for  
27 the current tax year;

1           (7) contain the following statement in bold print:  
2 "Under state law, the dollar amount of school taxes imposed on the  
3 residence of a person 65 years of age or older or of the surviving  
4 spouse of such a person, if the surviving spouse was 55 years of age  
5 or older when the person died, may not be increased above the amount  
6 paid in the first year after the person turned 65, regardless of  
7 changes in tax rate or property value.";

8           (8) contain the following statement in bold print:  
9 "Notice of Voter-Approval Rate: The highest tax rate the district  
10 can adopt before requiring voter approval at an election is (the  
11 school district voter-approval rate determined under Section  
12 [26.08](#), Tax Code). This election will be automatically held if the  
13 district adopts a rate in excess of the voter-approval rate of (the  
14 school district voter-approval rate)."; ~~and~~

15           (9) contain a section entitled "Fund Balances," which  
16 must include the estimated amount of interest and sinking fund  
17 balances and the estimated amount of maintenance and operation or  
18 general fund balances remaining at the end of the current fiscal  
19 year that are not encumbered with or by corresponding debt  
20 obligation, less estimated funds necessary for the operation of the  
21 district before the receipt of the first payment under Chapter [48](#) in  
22 the succeeding school year; and

23           (10) contain the following statement in bold  
24 print: "Under state law, the residence of a person 80 years of age  
25 or older or of the surviving spouse of such a person, if the  
26 surviving spouse was 55 years of age or older when the person died,  
27 is exempt from taxes."

1 SECTION 8. Section 46.071, Education Code, is amended by  
2 adding Subsection (a-2) and amending Subsections (b) and (c) to  
3 read as follows:

4 (a-2) Beginning with the 2022-2023 school year, in addition  
5 to state aid a school district is entitled to under Subsection (a),  
6 a school district is also entitled to additional state aid under  
7 this subchapter to the extent that state and local revenue used to  
8 service debt eligible under this chapter is less than the state and  
9 local revenue that would have been available to the district under  
10 this chapter as it existed on September 1, 2021, if the residence  
11 homestead exemption for a person 80 years of age or older or the  
12 person's surviving spouse under Section 1-b(t), Article VIII, Texas  
13 Constitution, as proposed by the 87th Legislature, Regular Session,  
14 2021, had not been adopted.

15 (b) Subject to Subsections (c)-(e), additional state aid  
16 under this section is equal to the amount by which the loss of local  
17 interest and sinking revenue for debt service attributable to the  
18 increase in the residence homestead exemption under Section 1-b(c),  
19 Article VIII, Texas Constitution, and the additional limitation on  
20 tax increases under Section 1-b(d) of that article as proposed by  
21 S.J.R. 1, 84th Legislature, Regular Session, 2015, and the  
22 residence homestead exemption under Section 1-b(t), Article VIII,  
23 Texas Constitution, as proposed by the 87th Legislature, Regular  
24 Session, 2021, is not offset by a gain in state aid under this  
25 chapter.

26 (c) For the purpose of determining state aid under  
27 Subsection (a) or (a-2) [~~this section~~], local interest and sinking

1 revenue for debt service is limited to revenue required to service  
2 debt eligible under this chapter as of September 1, 2015, or as of  
3 September 1, 2021, respectively, including refunding of the  
4 applicable ~~[that]~~ debt, subject to Section 46.061. The limitation  
5 imposed by Section 46.034(a) does not apply for the purpose of  
6 determining state aid under Subsection (a) or (a-2) ~~[this section]~~.

7 SECTION 9. Subchapter F, Chapter 48, Education Code, is  
8 amended by adding Section 48.2541 to read as follows:

9 Sec. 48.2541. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.

10 (a) Beginning with the 2022-2023 school year, a school district is  
11 entitled to additional state aid to the extent that state and local  
12 revenue under this chapter and Chapter 49 is less than the state and  
13 local revenue that would have been available to the district under  
14 Chapter 49 and this chapter as those chapters existed on September  
15 1, 2021, if the residence homestead exemption for a person 80 years  
16 of age or older or the person's surviving spouse under Section  
17 1-b(t), Article VIII, Texas Constitution, as proposed by the joint  
18 resolution to add that subsection adopted by the 87th Legislature,  
19 Regular Session, 2021, had not been adopted.

20 (b) The lesser of the school district's currently adopted  
21 maintenance and operations tax rate or the adopted maintenance and  
22 operations tax rate for the 2021 tax year is used for the purpose of  
23 determining additional state aid under Subsection (a).

24 SECTION 10. Section 403.302(d-1), Government Code, is  
25 amended to read as follows:

26 (d-1) For purposes of Subsection (d), a residence homestead  
27 that receives an exemption under Section 11.13(v) or (w), 11.131,

1 11.133, or 11.134, Tax Code, in the year that is the subject of the  
2 study is not considered to be taxable property.

3 SECTION 11. The exemptions from ad valorem taxation of a  
4 residence homestead authorized by Sections 11.13(v) and (w), Tax  
5 Code, as added by this Act, apply only to taxes imposed beginning  
6 with the 2022 tax year.

7 SECTION 12. This Act takes effect January 1, 2022, but only  
8 if the constitutional amendment proposed by the 87th Legislature,  
9 Regular Session, 2021, to exempt from ad valorem taxation the total  
10 market value of the residence homesteads of certain elderly persons  
11 and their surviving spouses is approved by the voters. If that  
12 constitutional amendment is not approved by the voters, this Act  
13 has no effect.