

By: Goldman

H.B. No. 3437

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the authority of a taxing unit other than a school
3 district to establish a limitation on the amount of ad valorem taxes
4 that the taxing unit may impose on the residence homesteads of
5 individuals who are disabled or elderly and their surviving
6 spouses.

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

8 SECTION 1. The heading to Section 11.261, Tax Code, is
9 amended to read as follows:

10 Sec. 11.261. LIMITATION OF TAX IMPOSED BY TAXING UNIT OTHER
11 THAN SCHOOL DISTRICT [~~COUNTY, MUNICIPAL, OR JUNIOR COLLEGE DISTRICT~~
12 ~~TAX~~] ON HOMESTEADS OF INDIVIDUALS WHO ARE DISABLED OR AND
13 ELDERLY.

14 SECTION 2. Sections 11.261(a), (b), (c), (d), (e), (g),
15 (h), (i), (j), (k), and (l), Tax Code, are amended to read as
16 follows:

17 (a) This section applies only to a taxing unit that:

18 (1) is not a school [~~a county, municipality, or junior~~
19 ~~college~~] district; and

20 (2) [that] has established a limitation on the total
21 amount of taxes that may be imposed by the taxing unit [~~county,~~
22 ~~municipality, or junior college district~~] on the residence
23 homestead of an [~~a disabled~~] individual who is disabled or is [~~an~~
24 ~~individual~~] 65 years of age or older under Section 1-b(h), Article

1 VIII, Texas Constitution.

2 (b) The tax officials shall appraise the property to which
3 the limitation applies and calculate taxes as on other property,
4 but if the tax so calculated exceeds the limitation provided by this
5 section, the tax imposed by a taxing unit is the amount of the tax as
6 limited by this section, except as otherwise provided by this
7 section. The taxing unit [~~county, municipality, or junior college~~
8 ~~district~~] may not increase the total annual amount of ad valorem
9 taxes the taxing unit [~~county, municipality, or junior college~~
10 ~~district~~] imposes on the residence homestead of an [~~a disabled~~]
11 individual who is disabled or is [~~an individual~~] 65 years of age or
12 older above the amount of the taxes the taxing unit [~~county,~~
13 ~~municipality, or junior college district~~] imposed on the residence
14 homestead in the first tax year, other than a tax year preceding the
15 tax year in which the taxing unit [~~county, municipality, or junior~~
16 ~~college district~~] established the limitation described by
17 Subsection (a), in which the individual qualified that residence
18 homestead for the exemption provided by Section 11.13(c) for an [~~a~~
19 ~~disabled~~] individual who is disabled or is [~~an individual~~] 65 years
20 of age or older. If the individual qualified that residence
21 homestead for the exemption after the beginning of that first year
22 and the residence homestead remains eligible for the exemption for
23 the next year, and if the [~~county, municipal, or junior college~~
24 ~~district~~] taxes imposed by the taxing unit on the residence
25 homestead in the next year are less than the amount of taxes imposed
26 in that first year, the taxing unit [~~a county, municipality, or~~
27 ~~junior college district~~] may not subsequently increase the total

1 annual amount of ad valorem taxes it imposes on the residence
2 homestead above the amount it imposed on the residence homestead in
3 the year immediately following the first year, other than a tax year
4 preceding the tax year in which the taxing unit [~~county,~~
5 ~~municipality, or junior college district~~] established the
6 limitation described by Subsection (a), for which the individual
7 qualified that residence homestead for the exemption.

8 (c) If an individual makes improvements to the individual's
9 residence homestead, other than repairs and other than improvements
10 required to comply with governmental requirements, the taxing unit
11 [~~county, municipality, or junior college district~~] may increase the
12 amount of taxes on the homestead in the first year the value of the
13 homestead is increased on the appraisal roll because of the
14 enhancement of value by the improvements. The amount of the tax
15 increase is determined by applying the current tax rate to the
16 difference between the appraised value of the homestead with the
17 improvements and the appraised value the homestead [~~it~~] would have
18 had without the improvements. A limitation provided by this
19 section then applies to the increased amount of [~~county, municipal,~~
20 ~~or junior college district~~] taxes on the residence homestead until
21 more improvements, if any, are made.

22 (d) A limitation on [~~county, municipal, or junior college~~
23 ~~district~~] tax increases by a taxing unit provided by this section
24 expires if on January 1:

25 (1) none of the owners of the structure who qualify for
26 the exemption provided by Section 11.13(c) for an [~~a disabled~~]
27 individual who is disabled or is [~~an individual~~] 65 years of age or

1 older and who owned the structure when the limitation provided by
2 this section first took effect is using the structure as a residence
3 homestead; or

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

8 (e) If the appraisal roll provides for taxation of appraised
9 value for a prior year because a residence homestead exemption for
10 [~~disabled~~] individuals who are disabled or are [~~individuals~~] 65
11 years of age or older was erroneously allowed, the tax assessor for
12 the applicable taxing unit [~~county, municipality, or junior college~~
13 ~~district~~] shall add, as back taxes due as provided by Section
14 26.09(d), the positive difference, if any, between the tax that
15 should have been imposed for that year and the tax that was imposed
16 because of the provisions of this section.

17 (g) Except as provided by Subsection (c), if an individual
18 who receives a limitation on [~~county, municipal, or junior college~~
19 ~~district~~] tax increases by a taxing unit provided by this section
20 subsequently qualifies a different residence homestead in the same
21 taxing unit [~~county, municipality, or junior college district~~] for
22 an exemption under Section 11.13, the taxing unit [~~county,~~
23 ~~municipality, or junior college district~~] may not impose ad valorem
24 taxes on the subsequently qualified homestead in a year in an amount
25 that exceeds the amount of taxes the taxing unit [~~county,~~
26 ~~municipality, or junior college district~~] would have imposed on the
27 subsequently qualified homestead in the first year in which the

1 individual receives that exemption for the subsequently qualified
2 homestead had the limitation on tax increases provided by this
3 section not been in effect, multiplied by a fraction the numerator
4 of which is the total amount of taxes the taxing unit [~~county,~~
5 ~~municipality, or junior college district~~] imposed on the former
6 homestead in the last year in which the individual received that
7 exemption for the former homestead and the denominator of which is
8 the total amount of taxes the taxing unit [~~county, municipality, or~~
9 ~~junior college district~~] would have imposed on the former homestead
10 in the last year in which the individual received that exemption for
11 the former homestead had the limitation on tax increases provided
12 by this section not been in effect.

13 (h) An individual who receives a limitation on [~~county,~~
14 ~~municipal, or junior college district~~] tax increases by a taxing
15 unit under this section and who subsequently qualifies a different
16 residence homestead in the same taxing unit [~~county, municipality,~~
17 ~~or junior college district~~] for an exemption under Section 11.13,
18 or an agent of the individual, is entitled to receive from the chief
19 appraiser of the appraisal district in which the former homestead
20 was located a written certificate providing the information
21 necessary to determine whether the individual may qualify for a
22 limitation on the subsequently qualified homestead under
23 Subsection (g) and to calculate the amount of taxes the taxing unit
24 [~~county, municipality, or junior college district~~] may impose on
25 the subsequently qualified homestead.

26 (i) If an individual who qualifies for a limitation on
27 [~~county, municipal, or junior college district~~] tax increases by a

1 taxing unit under this section dies, the surviving spouse of the
2 individual is entitled to the limitation on taxes imposed by the
3 taxing unit [~~county, municipality, or junior college district~~] on
4 the residence homestead of the individual if:

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

7 (2) the residence homestead of the individual:

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

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

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

25 (k) If in the first tax year after the year in which an
26 individual who is 65 years of age or older dies under the
27 circumstances described by Subsection (j) the amount of taxes

1 imposed by a taxing unit [~~county, municipality, or junior college~~
2 ~~district~~] on the residence homestead of the surviving spouse is
3 less than the amount of taxes imposed by the taxing unit [~~county,~~
4 ~~municipality, or junior college district~~] in the preceding year as
5 limited by Subsection (j), in a subsequent tax year the surviving
6 spouse's taxes imposed by the taxing unit [~~county, municipality, or~~
7 ~~junior college district~~] on that residence homestead are limited to
8 the amount of taxes imposed by the taxing unit [~~county,~~
9 ~~municipality, or junior college district~~] in that first tax year
10 after the year in which the individual dies.

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

16 SECTION 3. Section 23.19(g), Tax Code, is amended to read as
17 follows:

18 (g) A tax bill or a separate statement accompanying the tax
19 bill to a cooperative housing corporation for which interests of
20 stockholders are separately appraised under this section must
21 state, in addition to the information required by Section 31.01,
22 the appraised value and taxable value of each interest separately
23 appraised. Each exemption claimed as provided by this title by a
24 person entitled to the exemption shall also be deducted from the
25 total appraised value of the property of the corporation. The total
26 tax imposed by a school district or other taxing unit [~~county,~~
27 ~~municipality, or junior college district~~] shall be reduced by any

1 amount that represents an increase in taxes attributable to
2 separately appraised interests of the real property and
3 improvements that are subject to the limitation of taxes prescribed
4 by Section 11.26 or 11.261. The corporation shall apportion among
5 its stockholders liability for reimbursing the corporation for
6 property taxes according to the relative taxable values of their
7 interests.

8 SECTION 4. Sections 26.012(6), (13), and (14), Tax Code,
9 are amended to read as follows:

10 (6) "Current total value" means the total taxable
11 value of property listed on the appraisal roll for the current year,
12 including all appraisal roll supplements and corrections as of the
13 date of the calculation, less the taxable value of property
14 exempted for the current tax year for the first time under Section
15 11.31 or 11.315, except that:

16 (A) the current total value for a school district
17 excludes:

18 (i) the total value of homesteads that
19 qualify for a tax limitation as provided by Section 11.26; and

20 (ii) new property value of property that is
21 subject to an agreement entered into under Chapter 313; and

22 (B) the current total value for a taxing unit
23 other than a school [~~county, municipality, or junior college~~]
24 district excludes the total value of homesteads that qualify for a
25 tax limitation provided by Section 11.261.

26 (13) "Last year's levy" means the total of:

27 (A) the amount of taxes that would be generated

1 by multiplying the total tax rate adopted by the governing body in
2 the preceding year by the total taxable value of property on the
3 appraisal roll for the preceding year, including:

4 (i) taxable value that was reduced in an
5 appeal under Chapter 42;

6 (ii) all appraisal roll supplements and
7 corrections other than corrections made pursuant to Section
8 25.25(d), as of the date of the calculation, except that last year's
9 taxable value for a school district excludes the total value of
10 homesteads that qualified for a tax limitation as provided by
11 Section 11.26 and last year's taxable value for a taxing unit other
12 than a school [~~county, municipality, or junior college~~] district
13 excludes the total value of homesteads that qualified for a tax
14 limitation as provided by Section 11.261; and

15 (iii) the portion of taxable value of
16 property that is the subject of an appeal under Chapter 42 on July
17 25 that is not in dispute; and

18 (B) the amount of taxes refunded by the taxing
19 unit in the preceding year for tax years before that year.

20 (14) "Last year's total value" means the total taxable
21 value of property listed on the appraisal roll for the preceding
22 year, including all appraisal roll supplements and corrections,
23 other than corrections made pursuant to Section 25.25(d), as of the
24 date of the calculation, except that:

25 (A) last year's taxable value for a school
26 district excludes the total value of homesteads that qualified for
27 a tax limitation as provided by Section 11.26; and

1 (B) last year's taxable value for a taxing unit
2 other than a school [~~county, municipality, or junior college~~]
3 district excludes the total value of homesteads that qualified for
4 a tax limitation as provided by Section [11.261](#).

5 SECTION 5. This Act applies only to ad valorem taxes imposed
6 for a tax year beginning on or after the effective date of this Act.

7 SECTION 6. This Act takes effect January 1, 2022, but only
8 if the constitutional amendment to authorize a political
9 subdivision other than a school district to establish a limitation
10 on the amount of ad valorem taxes that the political subdivision may
11 impose on the residence homesteads of persons who are disabled or
12 elderly and their surviving spouses is approved by the voters. If
13 that amendment is not approved by the voters, this Act has no
14 effect.