88R2655 TJB-D

By:  Raymond H.B. No. 582

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation by certain taxing units of a portion of the appraised value of the residence homestead of the parent or guardian of a person who is disabled and who resides with the parent or guardian.

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

SECTION 1.  Section 11.13, Tax Code, is amended by amending Subsections (c), (d), and (h) and adding Subsection (d-1) to read as follows:

(c)  In addition to the exemption provided by Subsection (b) [~~of this section~~], an individual [~~adult~~] who is disabled, is the parent or guardian of a person who is disabled and who resides with the parent or guardian, or is 65 years of age or older is entitled to an exemption from taxation by a school district of $10,000 of the appraised value of the individual's [~~his~~] residence homestead.

(d)  In addition to the exemptions provided by Subsections (b) and (c) [~~of this section~~], an individual who is disabled, is the parent or guardian of a person who is disabled and who resides with the parent or guardian, or is 65 years of age or older is entitled to an exemption from taxation by a taxing unit of the [~~a~~] portion determined [~~(the amount of which is fixed~~] as provided by Subsection (e) [~~of this section)~~] of the appraised value of the individual's [~~his~~] residence homestead if the exemption is adopted by [~~either~~]:

(1)  [~~by~~] the governing body of the taxing unit; or

(2)  [~~by~~] a favorable vote of a majority of the qualified voters of the taxing unit at an election called by the governing body of the [~~a~~] taxing unit.

(d-1)  The [~~, and the~~] governing body of a taxing unit shall call an [~~the~~] election described by Subsection (d)(2) on the petition of at least 20 percent of the number of qualified voters who voted in the preceding election of the taxing unit.

(h)  Joint, community, or successive owners may not each receive the same exemption provided by or pursuant to this section for the same residence homestead in the same tax year. An individual who is eligible for more than one [~~disabled person who is 65 or older may not receive both a disabled and an elderly residence homestead~~] exemption under Subsection (c) or more than one exemption under Subsection (d) from the same taxing unit in the same tax year is entitled to [~~but may~~] choose and receive from that taxing unit in that tax year only one exemption under each of those subsections [~~either if a taxing unit has adopted both~~]. An individual who is eligible for more than one [~~disabled person who is 65 or older may receive both a disabled and an elderly residence homestead~~] exemption under Subsection (c) or (d) in the same tax year is entitled to receive each of those exemptions if the person receives the exemptions with respect to taxes levied by different taxing units. A person may not receive an exemption under this section for more than one residence homestead in the same tax year. An heir property owner who qualifies heir property as the owner's residence homestead under this chapter is considered the sole recipient of any exemption granted to the owner for the residence homestead by or pursuant to this section.

SECTION 2.  Section 25.19(l), Tax Code, is amended to read as follows:

(l)  In addition to the information required by Subsection (b), the chief appraiser shall include with a notice required by Subsection (a) a brief explanation of each total or partial exemption of property from taxation required or authorized by this title that is available to:

(1)  a disabled veteran or the veteran's surviving spouse or child;

(2)  an individual who is 65 years of age or older or the individual's surviving spouse;

(3)  an individual who is disabled or the individual's surviving spouse;

(4)  an individual who is the parent or guardian of a person who is disabled and who resides with the parent or guardian;

(5)  the surviving spouse of a member of the armed services of the United States who is killed in action; or

(6) [~~(5)~~]  the surviving spouse of a first responder who is killed or fatally injured in the line of duty.

SECTION 3.  Section 26.062(h), Tax Code, is amended to read as follows:

(h)  In calculating the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the current tax year for purposes of Subsections (e) and (f), any residence homestead exemption available only to individuals who are disabled [~~persons~~], are the parents or guardians of persons who are disabled and who reside with the parents or guardians, or are [~~persons~~] 65 years of age or older[~~,~~] or their surviving spouses must be disregarded.

SECTION 4.  Section 44.004(c), Education Code, is amended to read as follows:

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

(1)  contain a statement in the following form:

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

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state). The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited." The statement of the purpose of the meeting must be in bold type. In reduced type, the notice must state: "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice." In addition, in reduced type, the notice must state: "Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.";

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

(A)  maintenance and operations;

(B)  debt service; and

(C)  total expenditures;

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

(4)  contain a statement of the total amount of the outstanding and unpaid bonded indebtedness of the school district;

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

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

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

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

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

(b)  in the case of "Interest & Sinking Fund," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax year but not used for that purpose during that year, would provide the amount required to service the district's debt; and

(iii)  the "Proposed Rate";

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

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

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

(C)  contain an asterisk after each calculation for "Interest & Sinking Fund" and a footnote to the section that, in reduced type, states "The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.";

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

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

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

(ii)  "Average Taxable Value of Residences," determined after taking into account the limitation on the appraised value of residences under Section 23.23, Tax Code, and after subtracting all homestead exemptions applicable in each year, other than exemptions available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older or their surviving spouses, and using the same group of residences for each year;

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

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

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

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

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

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

SECTION 5.  Section 49.236(a), Water Code, is amended to read as follows:

(a)  Before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes, the board shall give notice of each meeting of the board at which the adoption of a tax rate will be considered. The notice must:

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

"NOTICE OF PUBLIC HEARING ON TAX RATE

"The (name of the district) will hold a public hearing on a proposed tax rate for the tax year (year of tax levy) on (date and time) at (meeting place). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

"Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

"(Names of all board members and, if a vote was taken, an indication of how each voted on the proposed tax rate and an indication of any absences.)";

(2)  contain the following information:

(A)  the district's total adopted tax rate for the preceding year and the proposed tax rate, expressed as an amount per $100;

(B)  the difference, expressed as an amount per $100 and as a percent increase or decrease, as applicable, in the proposed tax rate compared to the adopted tax rate for the preceding year;

(C)  the average appraised value of a residence homestead in the district in the preceding year and in the current year; the district's total homestead exemption, other than an exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older, applicable to that appraised value in each of those years; and the average taxable value of a residence homestead in the district in each of those years, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older;

(D)  the amount of tax that would have been imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older;

(E)  the amount of tax that would be imposed by the district in the current year on a residence homestead appraised at the average appraised value of a residence homestead in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older, if the proposed tax rate is adopted;

(F)  the difference between the amounts of tax calculated under Paragraphs (D) and (E), expressed in dollars and cents and described as the annual percentage increase or decrease, as applicable, in the tax to be imposed by the district on the average residence homestead in the district in the current year if the proposed tax rate is adopted; and

(G)  if the proposed combined debt service, operation and maintenance, and contract tax rate requires or authorizes an election to approve or reduce the tax rate, as applicable, a description of the purpose of the proposed tax increase;

(3)  contain a statement in substantially the following form, as applicable:

(A)  if the district is a district described by Section 49.23601:

"NOTICE OF VOTE ON TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23601, Water Code.";

(B)  if the district is a district described by Section 49.23602:

"NOTICE OF VOTE ON TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, an election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code."; or

(C)  if the district is a district described by Section 49.23603:

"NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

"If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code."; and

(4)  include the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.".

SECTION 6.  Sections 49.23601(a) and (c), Water Code, are amended to read as follows:

(a)  In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1)  the current year's debt service tax rate;

(2)  the current year's contract tax rate; and

(3)  the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older.

(c)  If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older, an election must be held in accordance with the procedures provided by Sections 26.07(c)-(g), Tax Code, to determine whether to approve the adopted tax rate. If the adopted tax rate is not approved at the election, the district's tax rate is the voter-approval tax rate.

SECTION 7.  Sections 49.23602(a)(2) and (4), Water Code, are amended to read as follows:

(2)  "Mandatory tax election rate" means the rate equal to the sum of the following tax rates for the district:

(A)  the rate that would impose 1.035 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older; and

(B)  the unused increment rate.

(4)  "Voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(A)  the current year's debt service tax rate;

(B)  the current year's contract tax rate;

(C)  the operation and maintenance tax rate that would impose 1.035 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older; and

(D)  the unused increment rate.

SECTION 8.  Sections 49.23603(a) and (c), Water Code, are amended to read as follows:

(a)  In this section, "voter-approval tax rate" means the rate equal to the sum of the following tax rates for the district:

(1)  the current year's debt service tax rate;

(2)  the current year's contract tax rate; and

(3)  the operation and maintenance tax rate that would impose 1.08 times the amount of the operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older.

(c)  If the board of a district adopts a combined debt service, contract, and operation and maintenance tax rate that would impose more than 1.08 times the amount of tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, disregarding any homestead exemption available only to individuals who are disabled, are the parents or guardians of persons who are disabled and who reside with the parents or guardians, [~~persons~~] or are [~~persons~~] 65 years of age or older, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the tax rate adopted for the current year to the voter-approval tax rate in accordance with the procedures provided by Sections 26.075 and 26.081, Tax Code.

SECTION 9.  This Act applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

SECTION 10.  This Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, to provide for an exemption from ad valorem taxation by certain political subdivisions of a portion of the market value of the residence homestead of the parent or guardian of a person who is disabled and who resides with the parent or guardian is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.