88R1589 DRS-D

By:  Slaton H.B. No. 2889

A BILL TO BE ENTITLED

AN ACT

relating to a credit against the ad valorem taxes imposed by a taxing unit on the residence homestead of a married couple that increases in amount based upon the number of children of the couple and reimbursement to taxing units for the revenue loss incurred as a result of the credit.

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

SECTION 1.  Chapter 31, Tax Code, is amended by adding Section 31.038 to read as follows:

Sec. 31.038.  HOMESTEAD TAX CREDIT FOR CERTAIN MARRIED COUPLES. (a) In this section:

(1)  "Qualifying child" means a child of any age who is:

(A)  a natural child of both spouses of a qualifying married couple born after the date on which the qualifying married couple married;

(B)  an adopted child of both spouses of a qualifying married couple adopted after the date on which the qualifying married couple married; or

(C)  the adopted child of one spouse of a qualifying married couple adopted after the date on which the qualifying married couple married if the child is the natural or adopted child of the other spouse and that other spouse was a widow or widower before the date on which the qualifying married couple married.

(2)  "Qualifying married couple" means a man and a woman who are legally married to each other, neither of whom have ever been divorced.

(3)  "Residence homestead" has the meaning assigned by Section 11.13.

(b)  A qualifying married couple is entitled to a credit against the taxes imposed in a tax year by a taxing unit on the residence homestead of the couple in which both spouses reside. Subject to Subsection (c), the amount of the credit is equal to the amount, expressed in decimal form rounded to the nearest hundredth, computed by multiplying the amount of taxes imposed by the taxing unit in the applicable tax year on the qualifying married couple's residence homestead by 10 percent.

(c)  A qualifying married couple with four or more qualifying children may substitute the following, as applicable, for 10 percent when computing the amount of credit to which the couple is entitled under Subsection (b):

(1)  40 percent, if the qualifying married couple have four qualifying children;

(2)  50 percent, if the qualifying married couple have five qualifying children;

(3)  60 percent, if the qualifying married couple have six qualifying children;

(4)  70 percent, if the qualifying married couple have seven qualifying children;

(5)  80 percent, if the qualifying married couple have eight qualifying children;

(6)  90 percent, if the qualifying married couple have nine qualifying children; or

(7)  100 percent, if the qualifying married couple have 10 or more qualifying children.

(d)  A qualifying married couple is entitled to compute the amount of the credit authorized under this section in the manner provided by Subsection (c) regardless of whether:

(1)  the qualifying children reside in the same residence homestead in which both spouses of the qualifying married couple reside; or

(2)  one or more of the qualifying children dies.

(e)  If one spouse of a qualifying married couple that is entitled to a credit under this section dies, the surviving spouse is entitled to receive the credit authorized by this section for as long as the surviving spouse remains unmarried.

(f)  Notwithstanding Subsection (c), the amount of the credit against the taxes imposed by a taxing unit to which a qualifying married couple is entitled under this section in any tax year may not exceed the amount of taxes imposed by the taxing unit on the qualifying married couple's residence homestead in that tax year.

(g)  To receive a credit under this section, a qualifying married couple or surviving spouse must file an application each year with the chief appraiser of the appraisal district in which the qualifying married couple's or spouse's residence homestead is located. The application for a married couple must include an affidavit affirming that the applicants are a qualifying married couple under Subsection (a)(2). The application for a surviving spouse must include an affidavit affirming that the surviving spouse was a member of a qualifying couple. An application must state the number of qualifying children of the qualifying married couple or surviving spouse, if applicable, accompanied by:

(1)  a copy of the qualifying married couple's or surviving spouse's marriage license; and

(2)  a copy of the birth certificate or adoption order for each qualifying child, if applicable.

(h)  The chief appraiser shall forward a copy of the application to the assessor for each taxing unit that taxes the residence homestead.

(i)  The comptroller shall adopt rules for the administration of this section.

SECTION 2.  Chapter 140, Local Government Code, is amended by adding Section 140.014 to read as follows:

Sec. 140.014.  MARRIED COUPLE TAX CREDIT REIMBURSEMENT PAYMENTS. (a) In this section, "taxing unit" and "tax year" have the meanings assigned by Section 1.04, Tax Code.

(b)  A taxing unit is entitled to a married couple tax credit reimbursement payment from the state for a tax year for which the chief appraiser of the appraisal district in which the taxing unit participates approves an application for a credit under Section 31.038, Tax Code.

(c)  The amount of the married couple tax credit reimbursement payment is equal to the revenue loss incurred by the taxing unit as a result of the credit under Section 31.038, Tax Code, in the year for which the married couple tax credit reimbursement payment is sought.

(d)  Not later than April 1 of the year following a tax year for which a married couple tax credit reimbursement payment is sought, a taxing unit may submit an application to the comptroller on a form prescribed by the comptroller to receive a married couple tax credit reimbursement payment for that tax year. A taxing unit that does not submit the application by the date prescribed by this subsection is not entitled to a married couple tax credit reimbursement payment for the preceding tax year.

(e)  The comptroller shall review each application by a taxing unit to determine whether the taxing unit is entitled to a married couple tax credit reimbursement payment. If the comptroller determines that the taxing unit is entitled to the payment, the comptroller shall, using available funds, remit the payment to the taxing unit not later than the 30th day after the date the comptroller receives the application for the payment.

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, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, to authorize the legislature to provide for a credit against the ad valorem taxes imposed by a political subdivision on the residence homestead of a married couple that may be increased based on the number of children of the couple and to provide for the reimbursement of political subdivisions for the revenue loss incurred as a result of the credit is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.