88R744 TJB-D

By:  Eckhardt S.B. No. 196

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the governing body of a taxing unit to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the appraised value of an individual's residence homestead.

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

SECTION 1.  Section 11.13, Tax Code, is amended by amending Subsection (i) and adding Subsection (n-1) to read as follows:

(i)  The assessor and collector for a taxing unit may disregard the exemptions authorized by Subsection (b), (c), (d), [~~or~~] (n), or (n-1) [~~of this section~~] and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

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

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

(n-1)  The governing body of a taxing unit, in the manner provided by law for official action by the body, may adopt an exemption from taxation by the taxing unit of a portion, expressed as a dollar amount, of the appraised value of an individual's residence homestead. The exemption must be adopted by the governing body before July 1 of the tax year in which the exemption applies. If the governing body adopts an exemption under this subsection, the amount of the exemption in a tax year may not be less than $5,000. An individual is entitled to an exemption adopted under this subsection in addition to any other exemptions provided by this section.

SECTION 2.  Section 45.006(f), Education Code, is amended to read as follows:

(f)  The governing body of a school district that adopts a tax rate that exceeds $1.50 per $100 valuation of taxable property may set the amount of the exemption from taxation authorized by Section 11.13(n) or (n-1), Tax Code, at any time before the date the governing body adopts the district's tax rate for the tax year in which the election approving the additional taxes is held.

SECTION 3.  Section 48.259(a), Education Code, is amended to read as follows:

(a)  In any school year, the commissioner may not provide funding under this chapter or Chapter 46 based on a school district's taxable value of property computed in accordance with Section 403.302(d)(2), Government Code, unless:

(1)  funds are specifically appropriated for purposes of this section; or

(2)  the commissioner determines that the total amount of state funds appropriated for purposes of the Foundation School Program for the school year exceeds the amount of state funds distributed to school districts in accordance with Section 48.266 based on the taxable values of property in school districts computed in accordance with Section 403.302(d), Government Code, without any deduction for residence homestead exemptions granted under Section 11.13(n) or (n-1), Tax Code.

SECTION 4.  Section 403.302(d), Government Code, is amended to read as follows:

(d)  For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1)  the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2)  one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n) or (n-1), Tax Code, in the year that is the subject of the study for each school district;

(3)  the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4)  subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A)  is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B)  generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C)  is eligible for tax increment financing under Chapter 311, Tax Code;

(5)  the total dollar amount of any captured appraised value of property that:

(A)  is within a reinvestment zone:

(i)  created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii)  the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B)  generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C)  is eligible for tax increment financing under Chapter 311, Tax Code;

(6)  the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

(7)  the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8)  the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9)  a portion of the market value of property not otherwise fully taxable by the district at market value because of action required by statute or the constitution of this state, other than Section 11.311, Tax Code, that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted;

(10)  the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11)  the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12)  the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code;

(13)  the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section; and

(14)  the total dollar amount of any exemptions granted under Section 11.35, Tax Code.

SECTION 5.  Section 25.23(a), Tax Code, is amended to read as follows:

(a)  After submission of appraisal records, the chief appraiser shall prepare supplemental appraisal records listing:

(1)  each taxable property the chief appraiser discovers that is not included in the records already submitted, including property that was omitted from an appraisal roll in a prior tax year;

(2)  property on which the appraisal review board has not determined a protest at the time of its approval of the appraisal records; and

(3)  property that qualifies for an exemption under Section 11.13(n) or (n-1) that was adopted by the governing body of a taxing unit after the date the appraisal records were submitted.

SECTION 6.  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 7.  This Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, authorizing the governing body of a political subdivision to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the market value of an individual's residence homestead is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.