By:  Blanco S.B. No. 546

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the governing body of a taxing unit other than a school district 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 and to the authority of the governing body of any taxing unit that has adopted an exemption from ad valorem taxation of a percentage of the appraised value of an individual's residence homestead to reduce the amount of or repeal the exemption.

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

SECTION 1.  Section 11.13, Tax Code, is amended by amending Subsections (i) and (n) and adding Subsections (s), (t), (u), (v), and (w) 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 (s) [~~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 taxing 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)  In addition to any other exemptions provided by this section, except for an exemption under Subsection (s), an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body.  If the percentage set by the taxing unit produces an exemption in a tax year of less than $5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of $5,000 of the appraised value.  The percentage adopted by the taxing unit may not exceed 20 percent.

(s)  In addition to any other exemptions provided by this section, except for an exemption under Subsection (n), an individual is entitled to an exemption from taxation by a taxing unit other than a school district of a portion of the appraised value of the individual's residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. The amount of the exemption is $14,000 of the appraised value of the residence homestead, except that if the average market value of residence homesteads in the taxing unit in the tax year in which the exemption is adopted exceeds $70,000, as calculated based on the appraisal records prepared by the chief appraiser of each appraisal district in which the taxing unit participates, the governing body may authorize an exemption in a larger dollar amount not to exceed an amount equal to 20 percent of the average market value of residence homesteads in the taxing unit in the tax year in which the exemption is adopted.

(t)  This subsection applies only to a taxing unit the governing body of which has ceased granting an exemption under Subsection (n) and has adopted an exemption under Subsection (s). An individual who would have been entitled to an exemption from taxation by the taxing unit under Subsection (n) had the governing body not ceased granting an exemption under that subsection is entitled to continue to receive an exemption under that subsection in lieu of the exemption under Subsection (s) if the individual otherwise qualifies for the exemption under Subsection (n) and the amount of the exemption under that subsection exceeds the amount of the exemption under Subsection (s). The exemption applies only to property for which the individual received an exemption under Subsection (n) in the last year in which the governing body granted an exemption under that subsection. The exemption expires in the event of a change in ownership of the property or, if the property is owned by a qualifying trust and the trustor of the trust or a beneficiary of the trust has the right to use and occupy the property as the trustor's or beneficiary's principal residential property, a change in the trustor or beneficiary of the trust, respectively.

(u)  The governing body of any taxing unit that adopted an exemption under Subsection (n) for the 2022 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2032.

(v)  Notwithstanding Subsection (u), the governing body of a taxing unit other than a school district that adopted an exemption under Subsection (n) for the 2022 tax year may repeal the exemption if the governing body adopts an exemption under Subsection (s) in an amount greater than $14,000. This subsection expires December 31, 2032.

(w)  The exemption amounts described in Subsections (s) and (v) and the average market value of residence homesteads amount described in Subsection (s) apply to the 2024 tax year. For each subsequent tax year, the comptroller shall adjust those amounts to reflect inflation by using the index that the comptroller considers to most accurately report changes in the purchasing power of the dollar for consumers in this state and shall publicize the adjusted amounts.

SECTION 2.  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 (s) that was adopted by the governing body of a taxing unit after the date the appraisal records were submitted.

SECTION 3.  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 4.  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 other than a school district 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.