

By: Schofield

H.B. No. 402

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the establishment of a limitation on the total amount of
3 ad valorem taxes that certain taxing units may impose on the
4 residence homesteads of individuals who are disabled or elderly and
5 their surviving spouses.

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

7 SECTION 1. The heading to Section [11.261](#), Tax Code, is
8 amended to read as follows:

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

13 SECTION 2. Section [11.261](#), Tax Code, is amended by amending
14 Subsections (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k),
15 and (l) and adding Subsections (b-1) and (b-2) to read as follows:

16 (a) This section applies only to a taxing unit other than a
17 school district [~~county, municipality, or junior college district~~
18 ~~that has established a limitation on the total amount of taxes that~~
19 ~~may be imposed by the county, municipality, or junior college~~
20 ~~district on the residence homestead of a disabled individual or an~~
21 ~~individual 65 years of age or older under Section [1-b](#)(h), Article~~
22 ~~VIII, Texas Constitution]~~.

23 (b) The tax officials shall appraise the property to which
24 this section [~~the limitation~~] applies and calculate taxes as on

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

1 year [~~, other than a tax year preceding the tax year in which the~~
2 ~~county, municipality, or junior college district established the~~
3 ~~limitation described by Subsection (a),~~] for which the individual
4 qualified that residence homestead for the exemption.

5 (b-1) If the first tax year the individual qualified the
6 residence homestead for the exemption provided by Section 11.13(c)
7 for individuals who are disabled or are 65 years of age or older was
8 a tax year before the 2024 tax year and the homestead qualified for
9 a limitation on county, municipal, or junior college district taxes
10 under this section for that tax year, the amount of the limitation
11 on county, municipal, or junior college district taxes, as
12 applicable, required by this section is the amount of the tax
13 imposed by the applicable taxing unit for the 2023 tax year, plus
14 any 2024 tax attributable to improvements made in 2023, other than
15 improvements made to comply with governmental regulations or
16 repairs.

17 (b-2) Except as provided by Subsection (b-1), for the
18 purpose of calculating a limitation on tax increases by a taxing
19 unit under this section, an individual who qualified a residence
20 homestead before January 1, 2024, for an exemption under Section
21 11.13(c) for individuals who are disabled or are 65 years of age or
22 older is considered to have qualified the homestead for that
23 exemption on January 1, 2024.

24 (c) If an individual makes improvements to the individual's
25 residence homestead, other than repairs and other than improvements
26 required to comply with governmental requirements, the taxing unit
27 [~~county, municipality, or junior college district~~] may increase the

1 amount of taxes on the homestead in the first year the value of the
2 homestead is increased on the appraisal roll because of the
3 enhancement of value by the improvements. The amount of the tax
4 increase is determined by applying the current tax rate to the
5 difference between the appraised value of the homestead with the
6 improvements and the appraised value the homestead ~~[it]~~ would have
7 had without the improvements. The ~~[A]~~ limitation required
8 ~~[provided]~~ by this section then applies to the increased amount of
9 ~~[county, municipal, or junior college district]~~ taxes on the
10 residence homestead until more improvements, if any, are made.

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

14 (1) none of the owners of the structure who qualify for
15 the exemption provided by Section 11.13(c) for an individual who is
16 ~~[a]~~ disabled ~~[individual]~~ or is ~~[an individual]~~ 65 years of age or
17 older and who owned the structure when the limitation ~~[provided by~~
18 ~~this section]~~ first took effect is using the structure as a
19 residence homestead; or

20 (2) none of the owners of the structure qualifies for
21 the exemption provided by Section 11.13(c) for an individual who is
22 ~~[a]~~ disabled ~~[individual]~~ or is ~~[an individual]~~ 65 years of age or
23 older.

24 (e) If the appraisal roll provides for taxation of appraised
25 value for a prior year because a residence homestead exemption for
26 an individual who is disabled ~~[individuals]~~ or is ~~[individuals]~~ 65
27 years of age or older was erroneously allowed, the tax assessor for

1 the applicable taxing unit [~~county, municipality, or junior college~~
2 ~~district~~] shall add, as back taxes due as provided by Section
3 26.09(d), the positive difference, if any, between the tax that
4 should have been imposed for that year and the tax that was imposed
5 because of the provisions of this section.

6 (f) A limitation on tax increases by a taxing unit required
7 [~~provided~~] by this section does not expire because the owner of an
8 interest in the structure conveys the interest to a qualifying
9 trust as defined by Section 11.13(j) if the owner or the owner's
10 spouse is a trustor of the trust and is entitled to occupy the
11 structure.

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

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

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

22 (i) If an individual who qualifies for a limitation on
23 [~~county, municipal, or junior college district~~] tax increases by a
24 taxing unit under this section dies, the surviving spouse of the
25 individual is entitled to the limitation on taxes imposed by the
26 taxing unit [~~county, municipality, or junior college district~~] on
27 the residence homestead of the individual if:

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

3 (2) the residence homestead of the individual:

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

6 (B) remains the residence homestead of the
7 surviving spouse.

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

21 (k) If in the first tax year after the year in which an
22 individual who is 65 years of age or older dies under the
23 circumstances described by Subsection (j) the amount of taxes
24 imposed by a taxing unit [~~county, municipality, or junior college~~
25 ~~district~~] on the residence homestead of the surviving spouse is
26 less than the amount of taxes imposed by the taxing unit [~~county,~~
27 ~~municipality, or junior college district~~] in the preceding year as

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

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

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

14 (g) A tax bill or a separate statement accompanying the tax
15 bill to a cooperative housing corporation for which interests of
16 stockholders are separately appraised under this section must
17 state, in addition to the information required by Section 31.01,
18 the appraised value and taxable value of each interest separately
19 appraised. Each exemption claimed as provided by this title by a
20 person entitled to the exemption shall also be deducted from the
21 total appraised value of the property of the corporation. The total
22 tax imposed by a school district or other taxing unit [~~county,~~
23 ~~municipality, or junior college district~~] shall be reduced by any
24 amount that represents an increase in taxes attributable to
25 separately appraised interests of the real property and
26 improvements that are subject to the limitation of taxes prescribed
27 by Section 11.26 or 11.261. The corporation shall apportion among

1 its stockholders liability for reimbursing the corporation for
2 property taxes according to the relative taxable values of their
3 interests.

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

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

12 (A) the current total value for a school district
13 excludes:

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

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

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

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

23 (A) the amount of taxes that would be generated
24 by multiplying the total tax rate adopted by the governing body in
25 the preceding year by the total taxable value of property on the
26 appraisal roll for the preceding year, including:

27 (i) taxable value that was reduced in an

1 appeal under Chapter 42;

2 (ii) all appraisal roll supplements and
3 corrections other than corrections made pursuant to Section
4 25.25(d), as of the date of the calculation, except that last year's
5 taxable value for a school district excludes the total value of
6 homesteads that qualified for a tax limitation as provided by
7 Section 11.26 and last year's taxable value for a taxing unit other
8 than a school district [~~county, municipality, or junior college~~
9 ~~district~~] excludes the total value of homesteads that qualified for
10 a tax limitation as provided by Section 11.261; and

11 (iii) the portion of taxable value of
12 property that is the subject of an appeal under Chapter 42 on July
13 25 that is not in dispute; and

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

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

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

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

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

3 SECTION 6. This Act takes effect January 1, 2024, but only
4 if the constitutional amendment proposed by the 88th Legislature,
5 Regular Session, 2023, establishing a limitation on the total
6 amount of ad valorem taxes that certain political subdivisions may
7 impose on the residence homesteads of persons who are disabled or
8 elderly and their surviving spouses is approved by the voters. If
9 that amendment is not approved by the voters, this Act has no
10 effect.