

By: Wilson, Raymond, et al.

H.B. No. 3757

Substitute the following for H.B. No. 3757:

By: Hefner

C.S.H.B. No. 3757

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authority of a taxing unit other than a school
3 district, county, municipality, or junior college district to
4 establish a limitation on the amount of ad valorem taxes that the
5 taxing unit may impose on the residence homesteads of certain
6 low-income individuals who are disabled or elderly and their
7 surviving spouses.

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

9 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
10 adding Section 11.262 to read as follows:

11 Sec. 11.262. LIMITATION OF TAX IMPOSED BY CERTAIN TAXING
12 UNITS ON HOMESTEADS OF LOW-INCOME INDIVIDUALS WHO ARE DISABLED OR
13 ELDERLY. (a) In this section:

14 (1) "Eligible individual" means an individual whose
15 household income does not exceed 200 percent of the federal poverty
16 level.

17 (2) "Qualifying taxing unit" means a taxing unit other
18 than a school district, county, municipality, or junior college
19 district.

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

22 (b) This section applies only to a qualifying taxing unit
23 that establishes a limitation under Section 1-b(h-1), Article VIII,
24 Texas Constitution, on the total amount of taxes that may be imposed

1 by the taxing unit on the residence homestead of an eligible
2 individual who is disabled or is 65 years of age or older.

3 (c) The tax officials shall appraise the residence
4 homestead of an eligible individual who is disabled or is 65 years
5 of age or older and calculate taxes on that residence homestead in
6 the same manner as other residence homesteads, but if the tax so
7 calculated exceeds the limitation provided by this section, the tax
8 imposed is the amount of the tax as limited by this section, except
9 as otherwise provided by this section.

10 (d) A qualifying taxing unit may not increase the total
11 annual amount of ad valorem taxes the taxing unit imposes on the
12 residence homestead of an eligible individual who is disabled or is
13 65 years of age or older above the amount of the taxes the taxing
14 unit imposed on the residence homestead in the first tax year in
15 which the eligible individual qualified that residence homestead
16 for the exemption provided by Section 11.13(c) for an individual
17 who is disabled or is 65 years of age or older and was an eligible
18 individual. If the eligible individual qualified that residence
19 homestead for the exemption after the beginning of that first year
20 and the residence homestead remains eligible for the exemption for
21 the next year, and if the taxes imposed by the taxing unit on the
22 residence homestead in the next year are less than the amount of
23 those taxes imposed in that first year, the taxing unit may not
24 subsequently increase the total annual amount of ad valorem taxes
25 it imposes on the residence homestead above the amount it imposed on
26 the residence homestead in the year immediately following the first
27 year for which the individual qualified that residence homestead

1 for the exemption and was an eligible individual.

2 (e) If an eligible individual who is disabled or is 65 years
3 of age or older makes improvements to the individual's residence
4 homestead, other than repairs and other than improvements required
5 to comply with governmental requirements, the qualifying taxing
6 unit may increase the amount of taxes on the homestead in the first
7 year the value of the homestead is increased on the appraisal roll
8 because of the enhancement of value by the improvements. The
9 amount of the tax increase is determined by applying the current tax
10 rate of the qualifying taxing unit to the difference between the
11 appraised value of the homestead with the improvements and the
12 appraised value the homestead would have had without the
13 improvements. The limitation provided by this section then
14 applies to the increased amount of taxes on the residence homestead
15 until more improvements, if any, are made.

16 (f) A limitation on tax increases provided by this section
17 expires if on January 1:

18 (1) none of the owners of the structure who qualify for
19 the exemption provided by Section 11.13(c) for an individual who is
20 disabled or is 65 years of age or older and who owned the structure
21 when the limitation first took effect are using the structure as a
22 residence homestead;

23 (2) none of the owners of the structure qualify for the
24 exemption provided by Section 11.13(c) for an individual who is
25 disabled or is 65 years of age or older; or

26 (3) none of the owners of the structure are eligible
27 individuals.

1 (g) If the appraisal roll provides for taxation of appraised
2 value for a prior year because a residence homestead exemption for
3 an eligible individual who is disabled or is 65 years of age or
4 older was erroneously allowed or because an individual was
5 erroneously considered to be an eligible individual, the tax
6 assessor for the applicable county shall add, as back taxes due as
7 provided by Section 26.09(d), the positive difference, if any,
8 between the tax that should have been imposed for that year and the
9 tax that was imposed under the requirements of this section.

10 (h) A limitation on tax increases provided by this section
11 does not expire because the owner of an interest in the structure
12 conveys the interest to a qualifying trust as defined by Section
13 11.13(j) if the owner or the owner's spouse is a trustor of the
14 trust and is entitled to occupy the structure.

15 (i) Except as provided by Subsection (e), if an eligible
16 individual who receives a limitation on tax increases provided by
17 this section, including a surviving spouse who receives a
18 limitation under Subsection (k), subsequently qualifies a
19 different residence homestead in the same qualifying taxing unit
20 for an exemption under Section 11.13, the taxing unit may not impose
21 ad valorem taxes on the subsequently qualified homestead in a year
22 in an amount that exceeds the amount of taxes the taxing unit would
23 have imposed on the subsequently qualified homestead in the first
24 year in which the individual receives that exemption for the
25 subsequently qualified homestead had the limitation on tax
26 increases required by this section not been in effect, multiplied
27 by a fraction the numerator of which is the total amount of taxes

1 imposed on the former homestead by the taxing unit in the last year
2 in which the individual received that exemption for the former
3 homestead and the denominator of which is the total amount of taxes
4 that would have been imposed on the former homestead by the taxing
5 unit in the last year in which the individual received that
6 exemption for the former homestead had the limitation on tax
7 increases provided by this section not been in effect.

8 (j) An eligible individual who receives a limitation on tax
9 increases under this section, including a surviving spouse who
10 receives a limitation under Subsection (k), and who subsequently
11 qualifies a different residence homestead for an exemption under
12 Section 11.13, or an agent of the individual, is entitled to receive
13 from the chief appraiser of the appraisal district in which the
14 former homestead was located a written certificate providing the
15 information necessary to determine whether the individual may
16 qualify for a limitation on the subsequently qualified homestead
17 under Subsection (i) and to calculate the amount of taxes the
18 qualifying taxing unit may impose on the subsequently qualified
19 homestead.

20 (k) If an eligible individual who qualifies for a limitation
21 on tax increases under this section dies, the surviving spouse of
22 the individual is entitled to the limitation on taxes imposed by the
23 qualifying taxing unit on the residence homestead of the individual
24 if:

25 (1) the surviving spouse:

26 (A) is disabled or is 55 years of age or older
27 when the individual dies; and

1 (B) is an eligible individual; and

2 (2) the residence homestead of the individual:

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

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

7 (1) If an eligible individual who is 65 years of age or older
8 and qualifies for a limitation on tax increases for the elderly
9 under this section dies in the first year in which the individual
10 qualified for the limitation and the individual first qualified for
11 the limitation after the beginning of that year, except as provided
12 by Subsection (m), the amount to which the surviving spouse's taxes
13 are limited under Subsection (k) is the amount of taxes imposed by
14 the qualifying taxing unit on the residence homestead in that year
15 determined as if the individual qualifying for the exemption had
16 lived for the entire year.

17 (m) If in the first tax year after the year in which an
18 eligible individual who is 65 years of age or older dies under the
19 circumstances described by Subsection (1), the amount of taxes
20 imposed by the qualifying taxing unit on the residence homestead of
21 the surviving spouse is less than the amount of taxes imposed by the
22 taxing unit in the preceding year as limited by Subsection (1), in a
23 subsequent tax year the surviving spouse's taxes imposed by the
24 taxing unit on that residence homestead are limited to the amount of
25 taxes imposed by the taxing unit in that first tax year after the
26 year in which the individual dies.

27 (n) Notwithstanding Subsection (f), a limitation on tax

1 increases provided by this section does not expire if the owner of
2 the structure qualifies for an exemption under Section 11.13 under
3 the circumstances described by Section 11.135(a).

4 (o) Notwithstanding Subsections (c) and (e), an improvement
5 to property that would otherwise constitute an improvement under
6 Subsection (e) is not treated as an improvement under that
7 subsection if the improvement is a replacement structure for a
8 structure that was rendered uninhabitable or unusable by a casualty
9 or by wind or water damage. For purposes of appraising the
10 property in the tax year in which the structure would have
11 constituted an improvement under Subsection (e), the replacement
12 structure is considered to be an improvement under that subsection
13 only if:

14 (1) the square footage of the replacement structure
15 exceeds that of the replaced structure as that structure existed
16 before the casualty or damage occurred; or

17 (2) the exterior of the replacement structure is of
18 higher quality construction and composition than that of the
19 replaced structure.

20 (p) An heir property owner who qualifies heir property as
21 the owner's residence homestead under this chapter is considered
22 the sole owner of the property for the purposes of this section.

23 (q) The chief appraiser for an appraisal district in which a
24 qualifying taxing unit participates may require an individual to
25 provide any information that is reasonably necessary for the chief
26 appraiser to determine whether the individual is an eligible
27 individual for purposes of this section.

1 SECTION 2. Sections 23.19(b) and (g), Tax Code, are amended
2 to read as follows:

3 (b) If an appraisal district receives a written request for
4 the appraisal of real property and improvements of a cooperative
5 housing corporation according to the separate interests of the
6 corporation's stockholders, the chief appraiser shall separately
7 appraise the interests described by Subsection (d) if the
8 conditions required by Subsections (e) and (f) have been
9 met. Separate appraisal under this section is for the purposes of
10 administration of tax exemptions, determination of applicable
11 limitations of taxes under Section 11.26, ~~[or] 11.261, or 11.262,~~
12 and apportionment by a cooperative housing corporation of property
13 taxes among its stockholders but is not the basis for determining
14 value on which a tax is imposed under this title. A stockholder
15 whose interest is separately appraised under this section may
16 protest and appeal the appraised value in the manner provided by
17 this title for protest and appeal of the appraised value of other
18 property.

19 (g) A tax bill or a separate statement accompanying the tax
20 bill to a cooperative housing corporation for which interests of
21 stockholders are separately appraised under this section must
22 state, in addition to the information required by Section 31.01,
23 the appraised value and taxable value of each interest separately
24 appraised. Each exemption claimed as provided by this title by a
25 person entitled to the exemption shall also be deducted from the
26 total appraised value of the property of the corporation. The
27 total tax imposed by a taxing unit ~~[school district, county,~~

1 ~~municipality, or junior college district]~~ shall be reduced by any
2 amount that represents an increase in taxes attributable to
3 separately appraised interests of the real property and
4 improvements that are subject to the limitation of taxes prescribed
5 by Section 11.26, ~~[or]~~ 11.261, or 11.262. The corporation shall
6 apportion among its stockholders liability for reimbursing the
7 corporation for property taxes according to the relative taxable
8 values of their interests.

9 SECTION 3. Sections 26.012(6), (13), and (14), Tax Code,
10 are amended to read as follows:

11 (6) "Current total value" means the total taxable
12 value of property listed on the appraisal roll for the current year,
13 including all appraisal roll supplements and corrections as of the
14 date of the calculation, less the taxable value of property
15 exempted for the current tax year for the first time under Section
16 11.31 or 11.315, except that:

17 (A) the current total value for a school district
18 excludes:

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

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

23 (B) the current total value for a county,
24 municipality, or junior college district excludes the total value
25 of homesteads that qualify for a tax limitation as provided by
26 Section 11.261; and

27 (C) the current total value for a taxing unit

1 other than a school district, county, municipality, or junior
2 college district excludes the total value of homesteads that
3 qualify for a tax limitation as provided by Section 11.262.

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

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

9 (i) taxable value that was reduced in an
10 appeal under Chapter 42;

11 (ii) all appraisal roll supplements and
12 corrections other than corrections made pursuant to Section
13 25.25(d), as of the date of the calculation, except that:

14 (a) last year's taxable value for a
15 school district excludes the total value of homesteads that
16 qualified for a tax limitation as provided by Section 11.26*i*;

17 (b) [~~and~~] last year's taxable value
18 for a county, municipality, or junior college district excludes the
19 total value of homesteads that qualified for a tax limitation as
20 provided by Section 11.261; and

21 (c) last year's taxable value for a
22 taxing unit other than a school district, county, municipality, or
23 junior college district excludes the total value of homesteads that
24 qualified for a tax limitation as provided by Section 11.262; and

25 (iii) the portion of taxable value of
26 property that is the subject of an appeal under Chapter 42 on July
27 25 that is not in dispute; and

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

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

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

11 (B) last year's taxable value for a county,
12 municipality, or junior college district excludes the total value
13 of homesteads that qualified for a tax limitation as provided by
14 Section 11.261; and

15 (C) last year's taxable value for a taxing unit
16 other than a school district, county, municipality, or junior
17 college district excludes the total value of homesteads that
18 qualified for a tax limitation as provided by Section 11.262.

19 SECTION 4. This Act applies only to ad valorem taxes imposed
20 for a tax year beginning on or after the effective date of this Act.

21 SECTION 5. This Act takes effect January 1, 2024, but only
22 if the constitutional amendment proposed by the 88th Legislature,
23 Regular Session, 2023, to authorize a limitation on the total
24 amount of ad valorem taxes that a political subdivision other than a
25 school district, county, municipality, or junior college district
26 may impose on the residence homesteads of certain low-income
27 persons who are disabled or elderly and their surviving spouses is

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1 approved by the voters. If that amendment is not approved by the
2 voters, this Act has no effect.