

By: Button

H.B. No. 4478

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a limitation on the total amount of ad valorem taxes that a county may impose on the residence homesteads of individuals who are disabled or elderly and their surviving spouses.

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

SECTION 1. The heading to Section 11.261, Tax Code, is amended to read as follows:

Sec. 11.261. LIMITATION OF ~~[COUNTY]~~ MUNICIPAL~~[ ]~~ OR JUNIOR COLLEGE DISTRICT TAX ON HOMESTEADS OF INDIVIDUALS WHO ARE DISABLED OR ~~[AND]~~ ELDERLY.

SECTION 2. Sections 11.261(a), (b), (c), (d), (e), (g), (h), (i), (j), (k), and (l), Tax Code, are amended to read as follows:

(a) This section applies only to a ~~[county]~~ municipality~~[ ]~~ or junior college district that has established a limitation on the total amount of taxes that may be imposed by the ~~[county]~~ municipality~~[ ]~~ or junior college district on the residence homestead of an individual who is ~~[a]~~ disabled ~~[individual]~~ or is ~~[an individual]~~ 65 years of age or older under Section 1-b(h), Article VIII, Texas Constitution.

(b) The tax officials shall appraise the property to which this section ~~[the limitation]~~ applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation

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

Subsection (a), for which the individual qualified that residence homestead for the exemption.

(c) If an individual makes improvements to the individual's residence homestead, other than repairs and other than improvements required to comply with governmental requirements, the ~~[county,]~~ municipality~~[,]~~ or junior college district may increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by the improvements. The amount of the tax increase is determined by applying the current tax rate to the difference between the appraised value of the homestead with the improvements and the appraised value the homestead ~~[it]~~ would have had without the improvements. The ~~[A]~~ limitation provided by this section then applies to the increased amount of ~~[county,]~~ municipal~~[,]~~ or junior college district taxes on the residence homestead until more improvements, if any, are made.

(d) A limitation on ~~[county,]~~ municipal~~[,]~~ or junior college district tax increases provided by this section expires if on January 1:

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

(2) none of the owners of the structure qualifies for the exemption provided by Section 11.13(c) for an individual who is

[a] disabled ~~[individual]~~ or is ~~[an individual]~~ 65 years of age or older.

(e) If the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption for an individual who is disabled ~~[individuals]~~ or is ~~[individuals]~~ 65 years of age or older was erroneously allowed, the tax assessor for the applicable ~~[county]~~ municipality~~[7]~~ or junior college district shall add, as back taxes due as provided by Section 26.09(d), the positive difference, if any, between the tax that should have been imposed for that year and the tax that was imposed under ~~[because of]~~ the provisions of this section.

(g) Except as provided by Subsection (c), if an individual who receives a limitation on ~~[county]~~ municipal~~[7]~~ or junior college district tax increases provided by this section subsequently qualifies a different residence homestead in the same ~~[county]~~ municipality~~[7]~~ or junior college district for an exemption under Section 11.13, the ~~[county]~~ municipality~~[7]~~ or junior college district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the ~~[county]~~ municipality~~[7]~~ or junior college district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that exemption for the subsequently qualified homestead had the limitation on tax increases provided by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of taxes the ~~[county]~~ municipality~~[7]~~ or junior college district imposed on the former homestead in the last year in which

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

7 (h) An individual who receives a limitation on [~~county~~]  
8 municipal[~~7~~] or junior college district tax increases under this  
9 section and who subsequently qualifies a different residence  
10 homestead in the same [~~county~~] municipality[~~7~~] or junior college  
11 district for an exemption under Section 11.13, or an agent of the  
12 individual, is entitled to receive from the chief appraiser of the  
13 appraisal district in which the former homestead was located a  
14 written certificate providing the information necessary to  
15 determine whether the individual may qualify for a limitation on  
16 the subsequently qualified homestead under Subsection (g) and to  
17 calculate the amount of taxes the [~~county~~] municipality[~~7~~] or  
18 junior college district may impose on the subsequently qualified  
19 homestead.

20 (i) If an individual who qualifies for a limitation on  
21 [~~county~~] municipal[~~7~~] or junior college district tax increases  
22 under this section dies, the surviving spouse of the individual is  
23 entitled to the limitation on taxes imposed by the [~~county~~]  
24 municipality[~~7~~] or junior college district on the residence  
25 homestead of the individual if:

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

(2) the residence homestead of the individual:

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

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

(j) If an individual who is 65 years of age or older and qualifies for a limitation on ~~[county]~~ municipal~~[7]~~ or junior college district tax increases for the elderly under this section dies in the first year in which the individual qualified for the limitation and the individual first qualified for the limitation after the beginning of that year, except as provided by Subsection (k), the amount to which the surviving spouse's ~~[county]~~ municipal~~[7]~~ or junior college district taxes are limited under Subsection (i) is the amount of taxes imposed by the ~~[county]~~ municipality~~[7]~~ or junior college district, as applicable, on the residence homestead in that year determined as if the individual qualifying for the exemption had lived for the entire year.

(k) If in the first tax year after the year in which an individual who is 65 years of age or older dies under the circumstances described by Subsection (j) the amount of taxes imposed by a ~~[county]~~ municipality~~[7]~~ or junior college district on the residence homestead of the surviving spouse is less than the amount of taxes imposed by the ~~[county]~~ municipality~~[7]~~ or junior college district in the preceding year as limited by Subsection (j), in a subsequent tax year the surviving spouse's taxes imposed by the ~~[county]~~ municipality~~[7]~~ or junior college district on that residence homestead are limited to the amount of taxes imposed by

1 the ~~[county,]~~ municipality~~[,]~~ or junior college district in that  
2 first tax year after the year in which the individual dies.

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

8 SECTION 3. Subchapter B, Chapter 11, Tax Code, is amended by  
9 adding Section 11.262 to read as follows:

10 Sec. 11.262. LIMITATION OF COUNTY TAX ON HOMESTEADS OF  
11 INDIVIDUALS WHO ARE DISABLED OR ELDERLY. (a) The tax officials  
12 shall appraise the property to which this section applies and  
13 calculate taxes as on other property, but if the tax so calculated  
14 exceeds the limitation required by this section, the tax imposed is  
15 the amount of the tax as limited by this section, except as  
16 otherwise provided by this section.

17 (b) A county may not increase the total annual amount of ad  
18 valorem taxes the county imposes on the residence homestead of an  
19 individual who is disabled or is 65 years of age or older above the  
20 amount of the taxes the county imposed on the residence homestead in  
21 the first tax year in which the individual qualified that residence  
22 homestead for the exemption provided by Section 11.13(c) for an  
23 individual who is disabled or is 65 years of age or older. If the  
24 individual qualified that residence homestead for the exemption  
25 after the beginning of that first year and the residence homestead  
26 remains eligible for the exemption for the next year, and if the  
27 taxes imposed by the county on the residence homestead in the next

year are less than the amount of those taxes imposed in that first year, the county may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed on the residence homestead in the year immediately following the first year for which the individual qualified that residence homestead for the exemption.

(c) If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals who are disabled or are 65 years of age or older was a tax year before the 2024 tax year and the homestead qualified for a limitation on county taxes under Section 11.261, as that section existed on January 1, 2023, for the 2024 tax year, the amount of the limitation on county taxes required by this section is the amount of the tax imposed by the county for the 2023 tax year, plus any 2024 tax attributable to improvements made in 2023, other than improvements made to comply with governmental regulations or repairs.

(d) Except as provided by Subsection (c), for the purpose of calculating a limitation on tax increases by a county under this section, an individual who qualified a residence homestead before January 1, 2024, for an exemption under Section 11.13(c) for individuals who are disabled or are 65 years of age or older is considered to have qualified the homestead for that exemption on January 1, 2024.

(e) If an individual makes improvements to the individual's residence homestead, other than repairs and other than improvements required to comply with governmental requirements, the county may



increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by the improvements. The amount of the tax increase is determined by applying the current tax rate of the county to the difference between the appraised value of the homestead with the improvements and the appraised value the homestead would have had without the improvements. The limitation provided by this section then applies to the increased amount of county taxes on the residence homestead until more improvements, if any, are made.

(f) A limitation on county tax increases required by this section expires if on January 1:

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

(2) none of the owners of the structure qualifies for the exemption provided by Section 11.13(c) for an individual who is disabled or is 65 years of age or older.

(g) If the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption for an individual who is disabled or is 65 years of age or older was erroneously allowed, the tax assessor for the applicable county shall add, as back taxes due as provided by Section 26.09(d), the positive difference, if any, between the tax that should have been imposed for that year and the tax that was imposed under the

1 requirements of this section.

2 (h) A limitation on county tax increases required by this  
3 section does not expire because the owner of an interest in the  
4 structure conveys the interest to a qualifying trust as defined by  
5 Section 11.13(j) if the owner or the owner's spouse is a trustor of  
6 the trust and is entitled to occupy the structure.

7 (i) Except as provided by Subsection (e), if an individual  
8 who receives a limitation on county tax increases required by this  
9 section, including a surviving spouse who receives a limitation  
10 under Subsection (k), subsequently qualifies a different residence  
11 homestead for an exemption under Section 11.13, a county may not  
12 impose ad valorem taxes on the subsequently qualified homestead in  
13 a year in an amount that exceeds the amount of taxes the county  
14 would have imposed on the subsequently qualified homestead in the  
15 first year in which the individual receives that exemption for the  
16 subsequently qualified homestead had the limitation on tax  
17 increases required by this section not been in effect, multiplied  
18 by a fraction the numerator of which is the total amount of county  
19 taxes imposed on the former homestead in the last year in which the  
20 individual received that exemption for the former homestead and the  
21 denominator of which is the total amount of county taxes that would  
22 have been imposed on the former homestead in the last year in which  
23 the individual received that exemption for the former homestead had  
24 the limitation on tax increases required by this section not been in  
25 effect.

26 (j) An individual who receives a limitation on county tax  
27 increases under this section, including a surviving spouse who

1 receives a limitation under Subsection (k), and who subsequently  
2 qualifies a different residence homestead for an exemption under  
3 Section 11.13, or an agent of the individual, is entitled to receive  
4 from the chief appraiser of the appraisal district in which the  
5 former homestead was located a written certificate providing the  
6 information necessary to determine whether the individual may  
7 qualify for a limitation on the subsequently qualified homestead  
8 under Subsection (i) and to calculate the amount of taxes the county  
9 may impose on the subsequently qualified homestead.

10 (k) If an individual who qualifies for a limitation on  
11 county tax increases under this section dies, the surviving spouse  
12 of the individual is entitled to the limitation on taxes imposed by  
13 the county on the residence homestead of the individual if:

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

16 (2) the residence homestead of the individual:

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

19 (B) remains the residence homestead of the  
20 surviving spouse.

21 (l) If an individual who is 65 years of age or older and  
22 qualifies for a limitation on county tax increases for the elderly  
23 under this section dies in the first year in which the individual  
24 qualified for the limitation and the individual first qualified for  
25 the limitation after the beginning of that year, except as provided  
26 by Subsection (m), the amount to which the surviving spouse's  
27 county taxes are limited under Subsection (k) is the amount of taxes

imposed by the county on the residence homestead in that year determined as if the individual qualifying for the exemption had lived for the entire year.

(m) If in the first tax year after the year in which an individual who is 65 years of age or older dies under the circumstances described by Subsection (l) the amount of taxes imposed by a county on the residence homestead of the surviving spouse is less than the amount of taxes imposed by the county in the preceding year as limited by Subsection (l), in a subsequent tax year the surviving spouse's taxes imposed by the county on that residence homestead are limited to the amount of taxes imposed by the county in that first tax year after the year in which the individual dies.

(n) Notwithstanding Subsection (f), a limitation on county tax increases required by this section does not expire if the owner of the structure qualifies for an exemption under Section [11.13](#) under the circumstances described by Section [11.135\(a\)](#).

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

(1) the square footage of the replacement structure

1 exceeds that of the replaced structure as that structure existed  
2 before the casualty or damage occurred; or

3 (2) the exterior of the replacement structure is of  
4 higher quality construction and composition than that of the  
5 replaced structure.

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

9 SECTION 4. Sections 23.19(b) and (g), Tax Code, are amended  
10 to read as follows:

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

27 (g) A tax bill or a separate statement accompanying the tax

1 bill to a cooperative housing corporation for which interests of  
2 stockholders are separately appraised under this section must  
3 state, in addition to the information required by Section 31.01,  
4 the appraised value and taxable value of each interest separately  
5 appraised. Each exemption claimed as provided by this title by a  
6 person entitled to the exemption shall also be deducted from the  
7 total appraised value of the property of the corporation. The  
8 total tax imposed by a school district, ~~[county]~~ municipality,  
9 ~~[or]~~ junior college district, or county shall be reduced by any  
10 amount that represents an increase in taxes attributable to  
11 separately appraised interests of the real property and  
12 improvements that are subject to the limitation of taxes prescribed  
13 by Section 11.26, ~~[or]~~ 11.261, or 11.262. The corporation shall  
14 apportion among its stockholders liability for reimbursing the  
15 corporation for property taxes according to the relative taxable  
16 values of their interests.

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

19 (6) "Current total value" means the total taxable  
20 value of property listed on the appraisal roll for the current year,  
21 including all appraisal roll supplements and corrections as of the  
22 date of the calculation, less the taxable value of property  
23 exempted for the current tax year for the first time under Section  
24 11.31 or 11.315, except that:

25 (A) the current total value for a school district  
26 excludes:

27 (i) the total value of homesteads that

1 qualify for a tax limitation as provided by Section 11.26; and

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

4 (B) the current total value for a ~~county,~~  
5 municipality~~,~~ or junior college district excludes the total value  
6 of homesteads that qualify for a tax limitation as provided by  
7 Section 11.261; and

8 (C) the current total value for a county excludes  
9 the total value of homesteads that qualify for a tax limitation as  
10 provided by Section 11.262.

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

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

16 (i) taxable value that was reduced in an  
17 appeal under Chapter 42;

18 (ii) all appraisal roll supplements and  
19 corrections other than corrections made pursuant to Section  
20 25.25(d), as of the date of the calculation, except that:

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

24 (b) ~~and~~ last year's taxable value  
25 for a ~~county,~~ municipality~~,~~ or junior college district excludes  
26 the total value of homesteads that qualified for a tax limitation as  
27 provided by Section 11.261; and

1                    (c) last year's taxable value for a  
2 county excludes the total value of homesteads that qualified for a  
3 tax limitation as provided by Section 11.261; and

4                    (iii) the portion of taxable value of  
5 property that is the subject of an appeal under Chapter 42 on July  
6 25 that is not in dispute; and

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

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

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

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

21                    (C) last year's taxable value for a county  
22 excludes the total value of homesteads that qualified for a tax  
23 limitation as provided by Section 11.262.

24                    SECTION 6. This Act applies only to ad valorem taxes imposed  
25 for a tax year beginning on or after the effective date of this Act.

26                    SECTION 7. This Act takes effect January 1, 2024, but only  
27 if the constitutional amendment proposed by the 88th Legislature,



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1 Regular Session, 2023, establishing a limitation on the total  
2 amount of ad valorem taxes that a county may impose on the residence  
3 homesteads of persons who are disabled or elderly and their  
4 surviving spouses is approved by the voters. If that amendment is  
5 not approved by the voters, this Act has no effect.