

By: Bell of Montgomery

H.B. No. 5134

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an exemption from ad valorem taxation of the total
3 appraised value of the residence homesteads of certain elderly
4 persons and their surviving spouses.

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

6 SECTION 1. Section 11.13, Tax Code, is amended by amending
7 Subsection (i) and adding Subsections (s) and (t) to read as
8 follows:

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

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

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

18 (s) In addition to any other exemptions provided by this
19 section, an individual is entitled to an exemption from taxation of
20 the total appraised value of the individual's residence homestead
21 if:

22 (1) the individual is 80 years of age or older; and

23 (2) the individual has received an exemption under
24 this section for the residence homestead for at least the preceding

1 10 years.

2 (t) The surviving spouse of an individual who qualified for
3 an exemption under Subsection (s) is entitled to an exemption from
4 taxation of the total appraised value of the same property to which
5 the deceased spouse's exemption applied if:

6 (1) the deceased spouse died in a year in which the
7 deceased spouse qualified for the exemption;

8 (2) the surviving spouse was 55 years of age or older
9 when the deceased spouse died; and

10 (3) the property was the residence homestead of the
11 surviving spouse when the deceased spouse died and remains the
12 residence homestead of the surviving spouse.

13 SECTION 2. Section 11.42(c), Tax Code, is amended to read as
14 follows:

15 (c) An exemption authorized by Section 11.13(c), ~~(d)~~,
16 or (s), 11.132, 11.133, or 11.134 is effective as of January 1 of
17 the tax year in which the person qualifies for the exemption and
18 applies to the entire tax year.

19 SECTION 3. Sections 11.43(k), (l), (m), and (q), Tax Code,
20 are amended to read as follows:

21 (k) A person who qualifies for an exemption authorized by
22 Section 11.13(c), ~~(d)~~, or (s) or 11.132 must apply for the
23 exemption no later than the first anniversary of the date the person
24 qualified for the exemption.

25 (l) The form for an application under Section 11.13 must
26 include a space for the applicant to state the applicant's date of
27 birth. Failure to provide the date of birth does not affect the

1 applicant's eligibility for an exemption under that section, other
2 than an exemption under Section 11.13(c) or (d) for an individual 65
3 years of age or older or an exemption under Section 11.13(s) for an
4 individual 80 years of age or older.

5 (m) Notwithstanding Subsections (a) and (k), a person who
6 receives an exemption under Section 11.13, other than an exemption
7 under Section 11.13(c) or (d) for an individual 65 years of age or
8 older or an exemption under Section 11.13(s) for an individual 80
9 years of age or older, in a tax year is entitled to receive an
10 exemption under Section 11.13(c) or (d) for an individual 65 years
11 of age or older or an exemption under Section 11.13(s) for an
12 individual 80 years of age or older in the next tax year on the same
13 property without applying for the exemption if the person becomes
14 65 or 80 years of age, as applicable, in that next year as shown by:

15 (1) information in the records of the appraisal
16 district that was provided to the appraisal district by the
17 individual in an application for an exemption under Section 11.13
18 on the property or in correspondence relating to the property; or

19 (2) the information provided by the Texas Department
20 of Public Safety to the appraisal district under Section 521.049,
21 Transportation Code.

22 (q) A chief appraiser may not cancel an exemption under
23 Section 11.13 that is received by an individual who is 65 years of
24 age or older without first providing written notice of the
25 cancellation to the individual receiving the exemption. The notice
26 must include a form on which the individual may indicate whether the
27 individual is qualified to receive the exemption and a

1 self-addressed postage prepaid envelope with instructions for
2 returning the form to the chief appraiser. The chief appraiser
3 shall consider the individual's response on the form in determining
4 whether to continue to allow the exemption. If the chief appraiser
5 does not receive a response on or before the 60th day after the date
6 the notice is mailed, the chief appraiser may cancel the exemption
7 on or after the 30th day after the expiration of the 60-day period,
8 but only after making a reasonable effort to locate the individual
9 and determine whether the individual is qualified to receive the
10 exemption. For purposes of this subsection, sending an additional
11 notice of cancellation that includes, in bold font equal to or
12 greater in size than the surrounding text, the date on which the
13 chief appraiser is authorized to cancel the exemption to the
14 individual receiving the exemption immediately after the
15 expiration of the 60-day period by first class mail in an envelope
16 on which is written, in all capital letters, "RETURN SERVICE
17 REQUESTED," or another appropriate statement directing the United
18 States Postal Service to return the notice if it is not deliverable
19 as addressed, or providing the additional notice in another manner
20 that the chief appraiser determines is appropriate, constitutes a
21 reasonable effort on the part of the chief appraiser. This
22 subsection does not apply to an exemption under Section 11.13(c) or
23 (d) for an individual 65 years of age or older or an exemption under
24 Section 11.13(s) for an individual 80 years of age or older that is
25 canceled because the chief appraiser determines that the individual
26 receiving the exemption no longer owns the property subject to the
27 exemption.

1 SECTION 4. Section 26.10(b), Tax Code, is amended to read as
2 follows:

3 (b) If the appraisal roll shows that a residence homestead
4 exemption under Section 11.13(c), ~~[or]~~ (d), or (s), 11.132, 11.133,
5 or 11.134 applicable to a property on January 1 of a year terminated
6 during the year and if the owner of the property qualifies a
7 different property for one of those residence homestead exemptions
8 during the same year, the tax due against the former residence
9 homestead is calculated by:

10 (1) subtracting:

11 (A) the amount of the taxes that otherwise would
12 be imposed on the former residence homestead for the entire year had
13 the owner qualified for the residence homestead exemption for the
14 entire year; from

15 (B) the amount of the taxes that otherwise would
16 be imposed on the former residence homestead for the entire year had
17 the owner not qualified for the residence homestead exemption
18 during the year;

19 (2) multiplying the remainder determined under
20 Subdivision (1) by a fraction, the denominator of which is 365 and
21 the numerator of which is the number of days that elapsed after the
22 date the exemption terminated; and

23 (3) adding the product determined under Subdivision
24 (2) and the amount described by Subdivision (1)(A).

25 SECTION 5. Section 26.112, Tax Code, is amended to read as
26 follows:

27 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF

1 CERTAIN PERSONS. (a) Except as provided by Section 26.10(b), if at
2 any time during a tax year property is owned by an individual who
3 qualifies for an exemption under Section 11.13(c), ~~or~~ (d), or
4 (s), 11.133, or 11.134, the amount of the tax due on the property
5 for the tax year is calculated as if the individual qualified for
6 the exemption on January 1 and continued to qualify for the
7 exemption for the remainder of the tax year.

8 (b) If an individual qualifies for an exemption under
9 Section 11.13(c), ~~or~~ (d), or (s), 11.133, or 11.134 with respect
10 to the property after the amount of the tax due on the property is
11 calculated and the effect of the qualification is to reduce the
12 amount of the tax due on the property, the assessor for each taxing
13 unit shall recalculate the amount of the tax due on the property and
14 correct the tax roll. If the tax bill has been mailed and the tax on
15 the property has not been paid, the assessor shall mail a corrected
16 tax bill to the person in whose name the property is listed on the
17 tax roll or to the person's authorized agent. If the tax on the
18 property has been paid, the tax collector for the taxing unit shall
19 refund to the person who was the owner of the property on the date
20 the tax was paid the amount by which the payment exceeded the tax
21 due.

22 SECTION 6. Section 33.01(d), Tax Code, is amended to read as
23 follows:

24 (d) In lieu of the penalty imposed under Subsection (a), a
25 delinquent tax incurs a penalty of 50 percent of the amount of the
26 tax without regard to the number of months the tax has been
27 delinquent if the tax is delinquent because the property owner

1 received an exemption under:

2 (1) Section 11.13 and the chief appraiser subsequently
3 cancels the exemption because the residence was not the principal
4 residence of the property owner and the property owner received an
5 exemption for two or more additional residence homesteads for the
6 tax year in which the tax was imposed;

7 (2) Section 11.13(c) or (d) for a person who is 65
8 years of age or older and the chief appraiser subsequently cancels
9 the exemption because the property owner was younger than 65 years
10 of age; ~~or~~

11 (3) Section 11.13(s) for a person who is 80 years of
12 age or older and the chief appraiser subsequently cancels the
13 exemption because the property owner was younger than 80 years of
14 age; or

15 (4) Section 11.13(q) or (t) and the chief appraiser
16 subsequently cancels the exemption because the property owner was
17 younger than 55 years of age when the property owner's spouse died.

18 SECTION 7. Section 44.004(c), Education Code, is amended to
19 read as follows:

20 (c) The notice of public meeting to discuss and adopt the
21 budget and the proposed tax rate may not be smaller than one-quarter
22 page of a standard-size or a tabloid-size newspaper, and the
23 headline on the notice must be in 18-point or larger type. Subject
24 to Subsection (d), the notice must:

25 (1) contain a statement in the following form:

26 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

27 "The (name of school district) will hold a public meeting at

1 (time, date, year) in (name of room, building, physical location,
2 city, state). The purpose of this meeting is to discuss the school
3 district's budget that will determine the tax rate that will be
4 adopted. Public participation in the discussion is invited." The
5 statement of the purpose of the meeting must be in bold type. In
6 reduced type, the notice must state: "The tax rate that is
7 ultimately adopted at this meeting or at a separate meeting at a
8 later date may not exceed the proposed rate shown below unless the
9 district publishes a revised notice containing the same information
10 and comparisons set out below and holds another public meeting to
11 discuss the revised notice." In addition, in reduced type, the
12 notice must state: "Visit Texas.gov/PropertyTaxes to find a link to
13 your local property tax database on which you can easily access
14 information regarding your property taxes, including information
15 about proposed tax rates and scheduled public hearings of each
16 entity that taxes your property.";

17 (2) contain a section entitled "Comparison of Proposed
18 Budget with Last Year's Budget," which must show the difference,
19 expressed as a percent increase or decrease, as applicable, in the
20 amounts budgeted for the preceding fiscal year and the amount
21 budgeted for the fiscal year that begins in the current tax year for
22 each of the following:

- 23 (A) maintenance and operations;
- 24 (B) debt service; and
- 25 (C) total expenditures;

26 (3) contain a section entitled "Total Appraised Value
27 and Total Taxable Value," which must show the total appraised value

1 and the total taxable value of all property and the total appraised
2 value and the total taxable value of new property taxable by the
3 district in the preceding tax year and the current tax year as
4 calculated under Section 26.04, Tax Code;

5 (4) contain a statement of the total amount of the
6 outstanding and unpaid bonded indebtedness of the school district;

7 (5) contain a section entitled "Comparison of Proposed
8 Rates with Last Year's Rates," which must:

9 (A) show in rows the tax rates described by
10 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
11 property, for columns entitled "Maintenance & Operations,"
12 "Interest & Sinking Fund," and "Total," which is the sum of
13 "Maintenance & Operations" and "Interest & Sinking Fund":

14 (i) the school district's "Last Year's
15 Rate";

16 (ii) the "Rate to Maintain Same Level of
17 Maintenance & Operations Revenue & Pay Debt Service," which:

18 (a) in the case of "Maintenance &
19 Operations," is the tax rate that, when applied to the current
20 taxable value for the district, as certified by the chief appraiser
21 under Section 26.01, Tax Code, and as adjusted to reflect changes
22 made by the chief appraiser as of the time the notice is prepared,
23 would impose taxes in an amount that, when added to state funds to
24 be distributed to the district under Chapter 48, would provide the
25 same amount of maintenance and operations taxes and state funds
26 distributed under Chapter 48 per student in average daily
27 attendance for the applicable school year that was available to the

1 district in the preceding school year; and

2 (b) in the case of "Interest & Sinking
3 Fund," is the tax rate that, when applied to the current taxable
4 value for the district, as certified by the chief appraiser under
5 Section 26.01, Tax Code, and as adjusted to reflect changes made by
6 the chief appraiser as of the time the notice is prepared, and when
7 multiplied by the district's anticipated collection rate, would
8 impose taxes in an amount that, when added to state funds to be
9 distributed to the district under Chapter 46 and any excess taxes
10 collected to service the district's debt during the preceding tax
11 year but not used for that purpose during that year, would provide
12 the amount required to service the district's debt; and

13 (iii) the "Proposed Rate";

14 (B) contain fourth and fifth columns aligned with
15 the columns required by Paragraph (A) that show, for each row
16 required by Paragraph (A):

17 (i) the "Local Revenue per Student," which
18 is computed by multiplying the district's total taxable value of
19 property, as certified by the chief appraiser for the applicable
20 school year under Section 26.01, Tax Code, and as adjusted to
21 reflect changes made by the chief appraiser as of the time the
22 notice is prepared, by the total tax rate, and dividing the product
23 by the number of students in average daily attendance in the
24 district for the applicable school year; and

25 (ii) the "State Revenue per Student," which
26 is computed by determining the amount of state aid received or to be
27 received by the district under Chapters 43, 46, and 48 and dividing

1 that amount by the number of students in average daily attendance in
2 the district for the applicable school year; and

3 (C) contain an asterisk after each calculation
4 for "Interest & Sinking Fund" and a footnote to the section that, in
5 reduced type, states "The Interest & Sinking Fund tax revenue is
6 used to pay for bonded indebtedness on construction, equipment, or
7 both. The bonds, and the tax rate necessary to pay those bonds, were
8 approved by the voters of this district.";

9 (6) contain a section entitled "Comparison of Proposed
10 Levy with Last Year's Levy on Average Residence," which must:

11 (A) show in rows the information described by
12 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
13 entitled "Last Year" and "This Year":

14 (i) "Average Market Value of Residences,"
15 determined using the same group of residences for each year;

16 (ii) "Average Taxable Value of Residences,"
17 determined after taking into account the limitation on the
18 appraised value of residences under Section 23.23, Tax Code, and
19 after subtracting all homestead exemptions applicable in each year,
20 other than exemptions available only to disabled persons, ~~or~~
21 persons 65 years of age or older or their surviving spouses, or
22 persons 80 years of age or older or their surviving spouses, and
23 using the same group of residences for each year;

24 (iii) "Last Year's Rate Versus Proposed
25 Rate per \$100 Value"; and

26 (iv) "Taxes Due on Average Residence,"
27 determined using the same group of residences for each year; and

1 (B) contain the following information: "Increase
2 (Decrease) in Taxes" expressed in dollars and cents, which is
3 computed by subtracting the "Taxes Due on Average Residence" for
4 the preceding tax year from the "Taxes Due on Average Residence" for
5 the current tax year;

6 (7) contain the following statement in bold print:
7 "Under state law, the dollar amount of school taxes imposed on the
8 residence of a person 65 years of age or older or of the surviving
9 spouse of such a person, if the surviving spouse was 55 years of age
10 or older when the person died, may not be increased above the amount
11 paid in the first year after the person turned 65, regardless of
12 changes in tax rate or property value.";

13 (8) contain the following statement in bold print:
14 "Notice of Voter-Approval Rate: The highest tax rate the district
15 can adopt before requiring voter approval at an election is (the
16 school district voter-approval rate determined under Section
17 [26.08](#), Tax Code). This election will be automatically held if the
18 district adopts a rate in excess of the voter-approval rate of (the
19 school district voter-approval rate)."; ~~and~~

20 (9) contain a section entitled "Fund Balances," which
21 must include the estimated amount of interest and sinking fund
22 balances and the estimated amount of maintenance and operation or
23 general fund balances remaining at the end of the current fiscal
24 year that are not encumbered with or by corresponding debt
25 obligation, less estimated funds necessary for the operation of the
26 district before the receipt of the first payment under Chapter [48](#) in
27 the succeeding school year; and

1 (10) contain the following statement in bold print:
2 "Under state law, the residence of a person 80 years of age or older
3 or of the surviving spouse of such a person, if the surviving spouse
4 was 55 years of age or older when the person died, is exempt from
5 taxes."

6 SECTION 8. Section 46.071, Education Code, is amended by
7 adding Subsection (a-2) and amending Subsections (b-1) and (c-1) to
8 read as follows:

9 (a-2) Beginning with the 2024-2025 school year, in addition
10 to state aid a school district is entitled to under Subsection
11 (a-1), a school district is also entitled to additional state aid
12 under this subchapter to the extent that state and local revenue
13 used to service debt eligible under this chapter is less than the
14 state and local revenue that would have been available to the
15 district under this chapter as it existed on September 1, 2023, if
16 the residence homestead exemption for a person 80 years of age or
17 older or the person's surviving spouse under Section 1-b(v),
18 Article VIII, Texas Constitution, as proposed by the 88th
19 Legislature, Regular Session, 2023, had not been adopted.

20 (b-1) Subject to Subsections (c-1), (d), and (e),
21 additional state aid under this section beginning with the
22 2022-2023 school year is equal to the amount by which the loss of
23 local interest and sinking revenue for debt service attributable to
24 any increase in the residence homestead exemption under Section
25 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
26 Legislature, 3rd Called Session, 2021, and the residence homestead
27 exemption under Section 1-b(v), Article VIII, Texas Constitution,

1 as proposed by the 88th Legislature, Regular Session, 2023, is not
2 offset by a gain in state aid under this chapter.

3 (c-1) For the purpose of determining state aid under
4 Subsection [~~Subsections~~] (a-1) or (a-2) [~~and (b-1)~~], local interest
5 and sinking revenue for debt service is limited to revenue required
6 to service debt eligible under this chapter as of September 1, 2021,
7 or as of September 1, 2023, respectively, including refunding of
8 the applicable [~~that~~] debt, subject to Section 46.061. The
9 limitation imposed by Section 46.034(a) does not apply for the
10 purpose of determining state aid under Subsection (a-1) or (a-2)
11 [~~this section~~].

12 SECTION 9. Section 48.2543, Education Code, is amended by
13 adding Subsection (a-1) and amending Subsection (b) to read as
14 follows:

15 (a-1) Beginning with the 2024-2025 school year, in addition
16 to state aid a school district is entitled to under Subsection (a),
17 a school district is entitled to additional state aid to the extent
18 that state and local revenue under this chapter and Chapter 49 is
19 less than the state and local revenue that would have been available
20 to the district under this chapter and Chapter 49 as those chapters
21 existed on September 1, 2023, if the residence homestead exemption
22 for a person 80 years of age or older or the person's surviving
23 spouse under Section 1-b(v), Article VIII, Texas Constitution, as
24 proposed by the joint resolution to add that subsection adopted by
25 the 88th Legislature, Regular Session, 2023, had not been adopted.

26 (b) The lesser of the school district's currently adopted
27 maintenance and operations tax rate or the adopted maintenance and

1 operations tax rate for:

2 (1) the 2021 tax year is used for the purpose of
3 determining additional state aid under Subsection (a); and

4 (2) the 2023 tax year is used for the purpose of
5 determining additional state aid under Subsection (a-1).

6 SECTION 10. Section 403.302(d-1), Government Code, is
7 amended to read as follows:

8 (d-1) For purposes of Subsection (d), a residence homestead
9 that receives an exemption under Section 11.13(s) or (t), 11.131,
10 11.133, or 11.134, Tax Code, in the year that is the subject of the
11 study is not considered to be taxable property.

12 SECTION 11. The exemptions from ad valorem taxation of a
13 residence homestead authorized by Sections 11.13(s) and (t), Tax
14 Code, as added by this Act, apply only to taxes imposed beginning
15 with the 2024 tax year.

16 SECTION 12. This Act takes effect January 1, 2024, but only
17 if the constitutional amendment proposed by the 88th Legislature,
18 Regular Session, 2023, to exempt from ad valorem taxation the total
19 market value of the residence homesteads of certain elderly persons
20 and their surviving spouses is approved by the voters. If that
21 constitutional amendment is not approved by the voters, this Act
22 has no effect.