By: West S.B. No. 399

A BILL TO BE ENTITLED

AN ACT

relating to a local option exemption from ad valorem taxation by a municipality or county of the total appraised value of certain residence homesteads that do not have access to potable drinking water.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.137 to read as follows:

Sec. 11.137. RESIDENCE HOMESTEAD WITHOUT ACCESS TO POTABLE DRINKING WATER. (a) In this section:

(1) "Census tract" means a census tract delineated by the United States Census Bureau in the most recent federal decennial census.

(2) "Eligible residence homestead" means a residence homestead that:

(A) is located in a county with a population of 2.6 million or more and less than 4.5 million;

(B) is located in a census tract with:

(i) a population of not more than 10,000 as reported in the most recent federal decennial census;

(ii) a median household income of not more than $60,000 as reported in the most recent federal decennial census or American Community Survey conducted by the United States Census Bureau; and

(iii) not more than 2,500 households as reported in the most recent federal decennial census or American Community Survey conducted by the United States Census Bureau; and

(C) does not have access to potable drinking water supplied directly to the property by a retail public utility as defined by Section 13.002, Water Code.

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

(b) A person is entitled to an exemption from taxation by a municipality or county of the total appraised value of an eligible residence homestead if the governing body of the municipality or county adopts the exemption in the manner required by law for official action.

SECTION 2. Section 11.43(c), Tax Code, is amended to read as follows:

(c) An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.136, 11.137, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, 11.315, 11.35, 11.36, 11.37, or 11.38, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes. However, except as provided by Subsection (r), and subject to Subsection (c-1), the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person's current qualification for the exemption by

delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption. If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

SECTION 3. The changes in law made by this Act apply only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 4. This Act takes effect January 1, 2028, but only if the constitutional amendment proposed by the 90th Legislature, Regular Session, 2027, to authorize the legislature to provide for a local option exemption from ad valorem taxation by a municipality or county of the total appraised value of a residence homestead that does not have access to potable drinking water is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.