

By: Phelan

H.B. No. 3959

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a local option exemption from ad valorem taxation by a  
3 school district of the total appraised value of the residence  
4 homesteads of certain elderly or disabled persons.

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 unit  
15 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 who is disabled or is 70 years of age or  
20 older is entitled to an exemption from taxation by a school district  
21 of the total appraised value of the individual's residence  
22 homestead if the exemption is adopted by the governing body of the  
23 school district before July 1 in the manner provided by law for  
24 official action by the body.

1       (t) The surviving spouse of an individual who qualified for  
2 an exemption under Subsection (s) is entitled to an exemption from  
3 taxation by the same school district of the total appraised value of  
4 the same property to which the deceased spouse's exemption applied  
5 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), (o), and (q), Tax  
20 Code, 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 70 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 70  
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 70 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 70 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 (o) The application form for an exemption authorized by  
23 Section 11.13 must require an applicant for an exemption under  
24 Subsection (c), ~~(d)~~, or (s) of that section who is not  
25 specifically identified on a deed or other appropriate instrument  
26 recorded in the applicable real property records as an owner of the  
27 residence homestead to provide an affidavit or other compelling

1 evidence establishing the applicant's ownership of an interest in  
2 the homestead.

3 (q) A chief appraiser may not cancel an exemption under  
4 Section 11.13 that is received by an individual who is 65 years of  
5 age or older without first providing written notice of the  
6 cancellation to the individual receiving the exemption. The notice  
7 must include a form on which the individual may indicate whether the  
8 individual is qualified to receive the exemption and a  
9 self-addressed postage prepaid envelope with instructions for  
10 returning the form to the chief appraiser. The chief appraiser  
11 shall consider the individual's response on the form in determining  
12 whether to continue to allow the exemption. If the chief appraiser  
13 does not receive a response on or before the 60th day after the date  
14 the notice is mailed, the chief appraiser may cancel the exemption  
15 on or after the 30th day after the expiration of the 60-day period,  
16 but only after making a reasonable effort to locate the individual  
17 and determine whether the individual is qualified to receive the  
18 exemption. For purposes of this subsection, sending an additional  
19 notice of cancellation that includes, in bold font equal to or  
20 greater in size than the surrounding text, the date on which the  
21 chief appraiser is authorized to cancel the exemption to the  
22 individual receiving the exemption immediately after the  
23 expiration of the 60-day period by first class mail in an envelope  
24 on which is written, in all capital letters, "RETURN SERVICE  
25 REQUESTED," or another appropriate statement directing the United  
26 States Postal Service to return the notice if it is not deliverable  
27 as addressed, or providing the additional notice in another manner

1 that the chief appraiser determines is appropriate, constitutes a  
2 reasonable effort on the part of the chief appraiser. This  
3 subsection does not apply to an exemption under Section 11.13(c) or  
4 (d) for an individual 65 years of age or older or an exemption under  
5 Section 11.13(s) for an individual 70 years of age or older that is  
6 canceled because the chief appraiser determines that the individual  
7 receiving the exemption no longer owns the property subject to the  
8 exemption.

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

11 (b) If the appraisal roll shows that a residence homestead  
12 exemption under Section 11.13(c), ~~(d)~~, or (s), 11.132, 11.133,  
13 or 11.134 applicable to a property on January 1 of a year terminated  
14 during the year and if the owner of the property qualifies a  
15 different property for one of those residence homestead exemptions  
16 during the same year, the tax due against the former residence  
17 homestead is calculated by:

18 (1) subtracting:

19 (A) the amount of the taxes that otherwise would  
20 be imposed on the former residence homestead for the entire year had  
21 the owner qualified for the residence homestead exemption for the  
22 entire year; from

23 (B) the amount of the taxes that otherwise would  
24 be imposed on the former residence homestead for the entire year had  
25 the owner not qualified for the residence homestead exemption  
26 during the year;

27 (2) multiplying the remainder determined under

1 Subdivision (1) by a fraction, the denominator of which is 365 and  
2 the numerator of which is the number of days that elapsed after the  
3 date the exemption terminated; and

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

6 SECTION 5. Section 26.112, Tax Code, is amended to read as  
7 follows:

8 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF  
9 CERTAIN PERSONS. (a) Except as provided by Section 26.10(b), if  
10 at any time during a tax year property is owned by an individual who  
11 qualifies for an exemption under Section 11.13(c), ~~(d)~~, or  
12 (s), 11.133, or 11.134, the amount of the tax due on the property  
13 for the tax year is calculated as if the individual qualified for  
14 the exemption on January 1 and continued to qualify for the  
15 exemption for the remainder of the tax year.

16 (b) If an individual qualifies for an exemption under  
17 Section 11.13(c), ~~(d)~~, or (s), 11.133, or 11.134 with respect  
18 to the property after the amount of the tax due on the property is  
19 calculated and the effect of the qualification is to reduce the  
20 amount of the tax due on the property, the assessor for each taxing  
21 unit shall recalculate the amount of the tax due on the property and  
22 correct the tax roll. If the tax bill has been mailed and the tax  
23 on the property has not been paid, the assessor shall mail a  
24 corrected tax bill to the person in whose name the property is  
25 listed on the tax roll or to the person's authorized agent. If the  
26 tax on the property has been paid, the tax collector for the taxing  
27 unit shall refund to the person who paid the tax the amount by which

1 the payment exceeded the tax due.

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

4 (d) In lieu of the penalty imposed under Subsection (a), a  
5 delinquent tax incurs a penalty of 50 percent of the amount of the  
6 tax without regard to the number of months the tax has been  
7 delinquent if the tax is delinquent because the property owner  
8 received an exemption under:

9 (1) Section 11.13 and the chief appraiser subsequently  
10 cancels the exemption because the residence was not the principal  
11 residence of the property owner and the property owner received an  
12 exemption for two or more additional residence homesteads for the  
13 tax year in which the tax was imposed;

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

18 (3) Section 11.13(s) for a person who is 70 years of  
19 age or older and the chief appraiser subsequently cancels the  
20 exemption because the property owner was younger than 70 years of  
21 age; or

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

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

27 (c) The notice of public meeting to discuss and adopt the

1 budget and the proposed tax rate may not be smaller than one-quarter  
2 page of a standard-size or a tabloid-size newspaper, and the  
3 headline on the notice must be in 18-point or larger type. Subject  
4 to Subsection (d), the notice must:

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

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

7 "The (name of school district) will hold a public meeting at  
8 (time, date, year) in (name of room, building, physical location,  
9 city, state). The purpose of this meeting is to discuss the school  
10 district's budget that will determine the tax rate that will be  
11 adopted. Public participation in the discussion is invited." The  
12 statement of the purpose of the meeting must be in bold type. In  
13 reduced type, the notice must state: "The tax rate that is  
14 ultimately adopted at this meeting or at a separate meeting at a  
15 later date may not exceed the proposed rate shown below unless the  
16 district publishes a revised notice containing the same information  
17 and comparisons set out below and holds another public meeting to  
18 discuss the revised notice.";

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

25 (A) maintenance and operations;

26 (B) debt service; and

27 (C) total expenditures;

1           (3) contain a section entitled "Total Appraised Value  
2 and Total Taxable Value," which must show the total appraised value  
3 and the total taxable value of all property and the total appraised  
4 value and the total taxable value of new property taxable by the  
5 district in the preceding tax year and the current tax year as  
6 calculated under Section 26.04, Tax Code;

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

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

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

16                   (i) the school district's "Last Year's  
17 Rate";

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

20                           (a) in the case of "Maintenance &  
21 Operations," is the tax rate that, when applied to the current  
22 taxable value for the district, as certified by the chief appraiser  
23 under Section 26.01, Tax Code, and as adjusted to reflect changes  
24 made by the chief appraiser as of the time the notice is prepared,  
25 would impose taxes in an amount that, when added to state funds to  
26 be distributed to the district under Chapter 42, would provide the  
27 same amount of maintenance and operations taxes and state funds

1 distributed under Chapter 42 per student in average daily  
2 attendance for the applicable school year that was available to the  
3 district in the preceding school year; and

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

15 (iii) the "Proposed Rate";

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

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

27 (ii) the "State Revenue per Student," which

1 is computed by determining the amount of state aid received or to be  
2 received by the district under Chapters 42, 43, and 46 and dividing  
3 that amount by the number of students in average daily attendance in  
4 the district for the applicable school year; and

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

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

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

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

18 (ii) "Average Taxable Value of Residences,"  
19 determined after taking into account the limitation on the  
20 appraised value of residences under Section 23.23, Tax Code, and  
21 after subtracting all homestead exemptions applicable in each year,  
22 other than exemptions available only to disabled persons, ~~or~~  
23 persons 65 years of age or older, or, if applicable, persons 70  
24 years of age or older or their surviving spouses, and using the same  
25 group of residences for each year;

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

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

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

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

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

22 (9) contain a section entitled "Fund Balances," which  
23 must include the estimated amount of interest and sinking fund  
24 balances and the estimated amount of maintenance and operation or  
25 general fund balances remaining at the end of the current fiscal  
26 year that are not encumbered with or by corresponding debt  
27 obligation, less estimated funds necessary for the operation of the

1 district before the receipt of the first payment under Chapter 42 in  
2 the succeeding school year; and

3 (10) if applicable, contain the following statement in  
4 bold print: "The residence of a person who is disabled or is 70  
5 years of age or older or of the surviving spouse of such a person, if  
6 the surviving spouse was 55 years of age or older when the person  
7 died, is exempt from taxation by the district."

8 SECTION 8. Section 403.302, Government Code, is amended by  
9 adding Subsection (d-2) to read as follows:

10 (d-2) For purposes of Subsection (d), a residence homestead  
11 that receives an exemption under Section 11.13(s) or (t), Tax Code,  
12 in the year that is the subject of the study is considered to be  
13 taxable property.

14 SECTION 9. This Act applies only to ad valorem taxes imposed  
15 for a tax year beginning on or after the effective date of this Act.

16 SECTION 10. This Act takes effect January 1, 2020, but only  
17 if the constitutional amendment proposed by the 86th Legislature,  
18 Regular Session, 2019, to authorize a local option exemption from  
19 ad valorem taxation by a school district of the total market value  
20 of the residence homesteads of certain elderly or disabled persons  
21 is approved by the voters. If that constitutional amendment is not  
22 approved by the voters, this Act has no effect.