

BILL ANALYSIS

Senate Research Center
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S.B. 1461
By: Cain
Finance
4/19/1999
Committee Report (Amended)

DIGEST

In 1997, the legislature approved legislation to allow senior citizens to qualify immediately for an exemption by directing appraisal districts to prorate the exemption from the date the person turns 65 years old. Previous to this legislation, senior citizens had to wait until the next tax year to get their extra \$10,000 homestead exemption. S.B. 1641 would allow a senior citizen to qualify for a homestead exemption for the entire year upon turning 65 years old, and would repeal the proration requirement.

PURPOSE

As proposed, S.B. 1461 requires a senior citizen to receive a homestead exemption upon turning 65 years old.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.13(h), Tax Code, to prohibit joint, community, or successive owners from each receiving the same exemption provided by or pursuant to this section for the same residence homestead in the same year. Makes a nonsubstantive change.

SECTION 2. Amends Sections 11.26(a) and (j), Tax Code, to prohibit a school district from increasing the total annual amount of ad valorem tax imposed on the residence homestead of an individual 65 years old or older, in which the individual qualified under Section 11.13(c). Provides that the surviving spouse's school district taxes are determined, rather than calculated under Section 26.112, as if the individual qualifying for the exemption had lived for the entire year. Deletes text regarding an exemption on residence homestead after the first year.

SECTION 3. Amends Section 11.42, Tax Code, to provide that eligibility for an exemption is determined by a claimant's qualifications on January 1, except as provided by Subsections (b) and (c) and other sections. Provides that an exemption authorized by Sections 11.13(c) or (d) for an individual 65 years of age or older is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies for the entire tax year. Deletes text regarding Sections 11.13(c) or (d). Makes conforming changes.

SECTION 4. Amends Section 11.43(d), Tax Code, as amended by Chapters 1039, 1059, and 1155, Acts of the 75th Legislature, Regular Session, 1997, to require a person who after January 1 of a tax year acquires property that qualifies for an exemption covered by Section 11.42(d) to apply for an exemption.

SECTION 5. Amends Section 11.43(k), Tax Code, to delete text regarding a portion of a tax year.

SECTION 6. Amends Section 26.112, Tax Code, as follows:

Sec. 26.112. New heading: CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF ELDERLY PERSON. Provides that the amount of the tax due on the property for the tax year is calculated as if the person qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year, if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older. Provides that the amount of the tax due on the property for the tax year is calculated as if that individual owned the property for the entire tax year, if property is the residence homestead of more than one individual during a tax year and any of those individuals

qualify for an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older with respect to the property. Requires the assessor for each taxing unit to recalculate the amount of tax due on the property and correct the tax roll, if a person qualifies for an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualifications is to reduce the amount of the tax due on the property. Requires the assessor to mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent, if the tax bill has been mailed and the tax on the property has not been paid. Requires the tax collector for the taxing unit to refund to the person who paid the tax the amount by which the payment exceeded the tax due, if the tax on the property has been paid. Deletes text regarding residence homestead of the individual and the amount of taxes that would be imposed on residence homestead. Makes conforming changes.

SECTION 7. Amends Section 26.113(a), Tax Code, to make a conforming change.

SECTION 8. Effective date: January 1, 2000.

Makes application of this Act prospective.

SECTION 9. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 3.

Amends Section 11.42, Tax Code, to delete Subsection (d). Makes conforming changes.

SECTION 4.

Amends Section 11.43, Tax Code, to delete text requiring a person who after January 1 of a tax year acquires property that qualifies for an exemption covered by Section 11.42(d) to apply for the exemption for that tax year, before the first anniversary of the date the person acquires the property. Requires a person who after January 1 of a tax year acquires property that qualifies for an exemption covered by Section 11.42(d), rather than Section 11.42(e), to apply for an exemption.

SECTION 6.

Amends Section 26.112, Tax Code, to add a new heading regarding Calculation of Taxes on Residence Homestead of Elderly Person.

Amends Section 26.112, Tax Code, to reinstate previously deleted text providing that the amount of the tax due on the property for the tax year is calculated as if the person qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year, if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older. Provides that the amount of the tax due on the property for the tax year is calculated as if that individual owned the property for the entire tax year, if property is the residence homestead of more than one individual during a tax year and any of those individuals qualify for an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older with respect to the property. Makes a conforming change.

SECTION 7.

Amends Section 26.113, Tax Code, to make a conforming change.