

BILL ANALYSIS

Senate Research Center
77R13 SMH-D

H.B. 506
By: Smith (Staples)
Education
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Engrossed

DIGEST AND PURPOSE

Current law limits school taxes imposed on the residence homesteads of older Texans. When certain individuals reach the age of 65, the amount of ad valorem taxes imposed by a school district may be frozen and these individuals may be entitled to transfer the tax freeze to a subsequent homestead. Ambiguity in the wording of the law, however, has created differing interpretations as to the ability of certain surviving spouses to transfer their deceased spouse's limitation to a subsequent homestead. To avoid locking surviving spouses into homes that are too big or too expensive for them, the homestead exemption for surviving spouses needs to be portable. H.B.506 clarifies current law to guarantee that certain surviving spouses are entitled to the limitation of school tax on their subsequent homesteads.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 11.26(g) and (h), Tax Code, to add language relating to a surviving spouse who receives a limitation under Subsection (i) subsequently qualifying a different residence homestead for an exemption under Section 11.13.

SECTION 2. (a) Effective date: January 1, 2002, and makes application of this Act prospective.

(b) Provides that the change in law made by this Act is intended to clarify existing law in effect before the effective date of this Act and is not intended to make a substantive change in the law. Provides that for purposes of calculating the tax imposed on the residence homestead of a surviving spouse for a tax year that begins on or after the effective date of this Act, the governing body of a school district shall apply the limitation on tax increases provided by Section 11.26(g), Tax Code, as amended by this Act, to the residence homestead as if the change in law made by this Act were in effect on August 25, 1997.