

BILL ANALYSIS

Senate Research Center

H.B. 97
By: Perry et al. (Van de Putte)
Finance
5/13/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Recently, homes have been donated by charitable organizations to returning soldiers who have sustained injuries while serving our country. On occasion, these donations have unintentionally resulted in the foreclosure of donated homes because the veterans are unable to pay property taxes on the homes. H.B. 97 seeks to provide a property tax exemption on the donated residence homestead of a disabled veteran with a disability rating of less than 100 percent.

H.B. 97 amends current law relating to the exemption from ad valorem taxation of part of the appraised value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization and to the eligibility of the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1.01. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.132, as follows:

Sec. 11.132. DONATED RESIDENCE HOMESTEAD OF PARTIALLY DISABLED VETERAN. (a) Defines "charitable organization," "disability rating," "disabled veteran," "residence homestead," and "surviving spouse" in this section.

(b) Entitles a disabled veteran who has a disability rating of less than 100 percent to an exemption from taxation of a percentage of the appraised value of the disabled veteran's residence homestead equal to the disabled veteran's disability rating if the residence homestead was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran.

(c) Entitles the surviving spouse of a disabled veteran who qualified for an exemption under Subsection (b) of a percentage of the appraised value of the disabled veteran's residence homestead when the disabled veteran died to an exemption from taxation of the same percentage of the appraised value of the same property to which the disabled veteran's exemption applied if:

(1) the surviving spouse has not remarried since the death of the disabled veteran; and

(2) the property was the residence homestead of the surviving spouse when the disabled veteran died and remains the residence homestead of the surviving spouse.

(d) Entitles a surviving spouse, if the surviving spouse who qualifies for an exemption under Subsection (c) subsequently qualifies a different property as the surviving spouse's residence homestead, to an exemption from taxation of the subsequently qualified residence homestead in an amount equal to the dollar amount of the exemption from taxation of the former residence homestead under Subsection (c) in the last year in which the surviving spouse received an exemption under that subsection for that residence homestead if the surviving spouse has not remarried since the death of the disabled veteran. Entitles the surviving spouse to receive from the chief appraiser of the appraisal district in which the former residence homestead was located a written certificate providing the information necessary to determine the amount of the exemption to which the surviving spouse is entitled on the subsequently qualified residence homestead.

SECTION 1.02. Amends Section 11.42(c), Tax Code, to provide that an exemption authorized by Section 11.13(c) (relating to entitling an adult who is disabled or is 65 or older to an exemption from taxation by a school district of \$10,000 of the appraised value of his residence homestead in addition to the exemption provided by Section 11.13(b)) or (d) (relating to entitling an individual who is disabled or is 65 or older to an exemption from taxation by a taxing unit of a portion of the appraised value of his residence homestead under certain conditions in addition to the exemptions provided by Sections 11.13(b) and (c)) or 11.132 is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies to the entire tax year.

SECTION 1.03. Amends Sections 11.43(c) and (k), Tax Code, as follows:

(c) Provides that an exemption provided by Section 11.13 (Residence Homestead), 11.131 (Residence Homestead of 100 Percent or Totally Disabled Veteran), 11.132, 11.17 (Cemeteries), 11.18 (Charitable Organizations), 11.182 (Community Housing Development Organizations Improving Property for Low-Income and Moderate-Income Housing: Property Previously Exempt), 11.1827 (Community Land Trust), 11.183 (Association Providing Assistance to Ambulatory Health Care Centers), 11.19 (Youth Spiritual, Mental, and Physical Development Associations), 11.20 (Religious Organizations), 11.21 (Schools), 11.22 (Disabled Veterans), 11.23(h) (County Fair Associations), (j) (Medical Center Development), or (j-1) (Medical Center Development in Populous Counties), 11.231 (Nonprofit Community Business Organization Providing Economic Development Services to Local Community), 11.254 (Motor Vehicle Used for Production of Income and for Personal Activities), 11.29 (Intracoastal Waterway Dredge Disposal Site), 11.30 (Nonprofit Water Supply or Wastewater Service Corporation), or 11.31 (Pollution Control Property), once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e) (relating to prohibiting a person from receiving the exemption for that year except as provided by Section 11.422, 11.431, 11.433, 11.434, 11.435, or 11.439, or 11.4391, if a person required to apply for an exemption in a given year fails to file timely a completed application form), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes.

(k) Requires a person who qualifies for an exemption authorized by Section 11.13(c) or (d) or 11.132 to apply for the exemption no later than the first anniversary of the date the person qualified for the exemption.

SECTION 1.04. Amends Section 11.431(a), Tax Code, to require the chief appraiser to accept and approve or deny an application for a residence homestead exemption, including an exemption under Section 11.131 or 11.132 for the residence homestead of a disabled veteran or the surviving spouse of a disabled veteran, after the deadline for filing it has passed if it is filed not later than one year after the delinquency date for the taxes on the homestead.

SECTION 1.05. Amends Section 26.10(b), Tax Code, to provide that if the appraisal roll shows that a residence homestead exemption under Section 11.13(c) or (d) or 11.132, rather than a residence homestead exemption for an individual 65 years of age or older or a residence homestead exemption for a disabled individual, applicable to a property on January 1 of a year terminated during the year and if the owner qualifies a different property for one of those

residence homestead exemptions during the same year, the tax due against the former residence homestead is determined by certain calculations.

SECTION 1.06. Amends Chapter 26, Tax Code, by adding Section 26.1127, as follows:

Sec. 26.1127. CALCULATION OF TAXES ON DONATED RESIDENCE HOMESTEAD OF DISABLED VETERAN OR SURVIVING SPOUSE OF DISABLED VETERAN. (a) Provides that except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.132, the amount of the tax due on the property for the tax year is calculated as if the individual qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year.

(b) Requires the assessor for each taxing unit to recalculate the amount of the tax due on the property and correct the tax roll if an individual qualifies for an exemption under Section 11.132 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property. Requires the assessor to mail a corrected tax bill to the individual in whose name the property is listed on the tax roll or to the individual'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 individual who paid the tax the amount by which the payment exceeded the tax due if the tax on the property has been paid.

SECTION 1.07. Amends Section 31.031(a), Tax Code, to provide that this section applies only to certain individuals, including an individual who is a disabled veteran or the unmarried surviving spouse of a disabled veteran and qualified for an exemption under Section 11.132 or 11.22.

SECTION 1.08. Provides that this article applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this article.

SECTION 1.09. Effective date, this article: January 1, 2014, contingent upon approval by the voters of the constitutional amendment relating to providing for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization.

ARTICLE 2. EXEMPTIONS FOR CERTAIN SPOUSES OF DISABLED VETERANS

SECTION 2.01. Amends Section 11.26(i), Tax Code, to entitle a surviving spouse of an individual, if an individual who qualifies for the exemption provided by Section 11.13(c) dies, to the limitation applicable to the residence homestead of the individual under certain conditions, rather than entitling a surviving spouse of an individual, if an individual who qualifies for the exemption provided by Section 11.13(c) for an individual 65 years of age or older dies, to the limitation applicable to the residence homestead of the individual under certain conditions.

SECTION 2.02. Provides that this article applies only to an ad valorem tax year that begins on or after the effective date of this article.

SECTION 2.03. Effective date: January 1, 2014, contingent upon approval by the voters of the constitutional amendment relating to allowing the surviving spouse of a person who is disabled to receive a limitation on school district ad valorem taxes on the person's residence homestead if the spouse is 55 years of age or older at the time of the person's death.