

BILL ANALYSIS

Senate Research Center
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S.B. 486
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 81st Legislature passed H.B. 3613 and H.J.R. 36, adding Section 11.131, the disabled veteran homestead tax exemption, to the Tax Code. Beginning in tax year 2009, these measures require an exemption for the total appraised value of the resident homestead of Texas veterans who receive 100 percent disability compensation, 100 percent disability rating, or individual non-employability as determined by the United States Department of Veterans Affairs. Through December 31, 2011, qualifying disabled veterans received the exemption immediately on date of qualification for the entire year. This is the same practice, under Section 11.13(c) or (d) of the Tax Code, for those qualifying for the disabled and the over-65 homestead exemptions.

The 82nd Legislature enacted S.B. 201, added Section 11.42(e) of the Tax Code to require a person who qualifies for the exemption under Section 11.131 after January 1 of the tax year to receive the exemption for the applicable portion of that year immediately upon qualification for the exemption. This amendment to the Tax Code requires a prorating of the exemption from the actual qualification date, only exempting the value of the property from that date to the end of the calendar year. This provision gives the veteran less benefit in the first year of qualification. If the veteran should cease to qualify for the exemption in a particular calendar year the exemption is removed from the property and, for the remaining part of the year, the property is taxable.

The purpose of S.B. 486 is to maximize the benefits of the homestead exemption to disabled veterans by permitting the exemption for the full year. The bill also provides ease and efficiency in ad valorem taxation methods for local tax assessor-collectors.

As proposed, S.B. 486 amends current law relating to the calculation of ad valorem taxes on the residence homestead of a 100 percent or totally disabled veteran or the surviving spouse of the veteran for the tax year in which the veteran or spouse qualifies or ceases to qualify for an exemption from taxation of the 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. Amends Section 11.42(c), Tax Code, to provide that an exemption authorized by Section 11.13(c) (relating to an adult who is disabled or is 65 years or older is entitled to an exemption from taxation by a school district of \$10,000 of the appraised value of a residence homestead) or (d) (relating to an individual who is disabled or is 65 or older is entitled to an exemption by a taxing unit of a residence homestead if the exemption is adopted) or 11.131 (Residence Homestead of 100 Percent or Totally Disabled Veteran) 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 2. Amends Section 26.10(b), Tax Code, as follows:

(b) Provides that if the appraisal roll shows that a residence homestead exemption authorized by Section 11.13(c) or (d) or 11.131, 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 of the property qualifies a different property for one of those residence homestead exemptions during the same year, the tax due against the former residence homestead is calculated by a certain method. Changes references from individual to owner.

SECTION 3. Amends Section 26.112, Tax Code, as follows:

Sec. 26.112. New heading: CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF CERTAIN PERSONS. (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 11.13(c) or (d) or 11.131, the amount of the tax due on the property for the tax year is calculated as if the individual, rather than person, 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, if an individual, rather than a person, qualifies for an exemption under Section 11.13(c) or (d) or 11.131 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, to recalculate the amount of the tax due on the property and correct the tax roll.

SECTION 4. Repealers: Sections 11.42(e) (relating to a person who qualifies for a certain exemption), 26.10(c) (relating to the appraisal roll), and 26.1125 (Calculation of Taxes on Residence Homestead of 100 Percent or Totally Disabled Veteran), Tax Code.

SECTION 5. Provides that this Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 6. Effective date: January 1, 2014.