

BILL ANALYSIS

Senate Research Center
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S.B. 279
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Local taxing entities, such as cities and counties, are authorized to offer a homestead exemption of up to 20 percent, with a minimum exemption of \$5,000. Such taxing entities may only offer a percentage reduction, not a flat dollar amount, which has discouraged some entities from providing a homestead exemption.

S.B. 279 is enabling language for a constitutional amendment that would allow cities, counties, and other jurisdictions to offer a flat homestead exemption of at least \$5,000 in addition to the current percentage option of up to 20 percent.

The objective is to give local jurisdictions the authority to pick the method that works best for their community while also ensuring that homeowners will receive some local property tax reduction. Jurisdictions may opt out of the homestead exemption by a vote of the governing body.

However, some homeowners may see a decrease in their exemption if a jurisdiction moves from a percentage to a flat amount exemption. To address this possible consequence, those homeowners would be allowed to receive a flat amount exemption that is based upon their percentage exemption at the time of the governing body vote. This amount would remain until the house is sold or the individual rescinds that choice.

As proposed, S.B. 279 amends current law relating to the authority of the governing body of a taxing unit other than a school district to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the appraised value of an individual'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. Amends Section 11.13, Tax Code, by amending Subsection (i) and adding Subsections (s), (t), and (u), as follows:

(i) Makes a nonsubstantive change and authorizes the assessor and collector for a taxing unit to disregard the exemptions authorized by Subsection (b) (providing that an adult is entitled to exemption from taxation by a school district of \$15,000 of the appraised value of the adult's residence homestead), (c) (providing that an adult who is disabled or is 65 or older is entitled to an exemption from taxation by a school district of \$10,000 of the appraised value of his residence homestead), (d) (providing that an individual who is disabled or is 65 or older is entitled to an exemption from taxation by a taxing unit of a portion of the appraised value of his residence homestead if the exemption is adopted by certain governing bodies), (n) (providing that an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is approved by certain governing bodies and meets certain

requirements), or (s) and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

(1)-(2) Makes no change to these subdivisions.

(s) Provides that in addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit other than a school district of a portion of the appraised value of the individual's residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. Provides that the amount of the exemption is \$5,000 of the appraised value of the residence homestead unless a larger amount is specified by the governing body authorizing the exemption.

(t) Provides that this subsection applies only to a taxing unit to which Subsection (s) applies the governing body of which has not adopted an exemption under Subsection (n). Provides that an individual is entitled to an exemption from taxation by the taxing unit under Subsection (s) as if the exemption were adopted by the governing body under that subsection unless before July 1 the governing body in the manner provided by law for official action by the body elects not to adopt an exemption under that subsection. Provides that the amount of the exemption is \$5,000 of the appraised value of the individual's residence homestead unless the governing body authorizes an exemption in a larger amount as provided by Subsection (s).

(u) Provides that this subsection applies only to a taxing unit the governing body of which has ceased granting an exemption under Subsection (n) and has adopted an exemption under Subsection (s). Authorizes an individual who would have been entitled to an exemption from taxation by the taxing unit under Subsection (n) had the governing body not ceased granting an exemption under that subsection to elect to rescind entitlement to the exemption under Subsection (s) and to continue to receive an exemption under Subsection (n) if the individual otherwise qualifies for the exemption under Subsection (n). Requires the individual to file a written notice of the individual's election to rescind entitlement to the exemption under Subsection (s) and to continue to receive the exemption under Subsection (n) with the chief appraiser of the appraisal district not later than July 15 of the tax year in which the governing body ceases granting an exemption under Subsection (n). Provides that the election applies only to property for which the individual received an exemption under Subsection (n) in the last tax year in which the governing body granted an exemption under that subsection. Provides that notwithstanding Subsection (n), the amount of the exemption is the dollar amount of the exemption that the individual received under that subsection in the last tax year in which the governing body granted an exemption under that subsection. Authorizes an individual who makes an election under this subsection to rescind the election and reinstate entitlement to the exemption under Subsection (s) by filing a written notice of the rescission with the chief appraiser of the appraisal district. Prohibits an individual who rescinds an election under this subsection from electing to reinstate entitlement to the exemption under Subsection (n) after the rescission.

SECTION 2. Amends Section 25.23(a), Tax Code, as follows:

(a) Requires the chief appraiser, after submission of appraisal records, to prepare supplemental appraisal records listing:

(1)-(2) Makes no change to these subdivisions;

(3) property that qualified for an exemption under Section 11.13(n) or (s) that was adopted by the governing body of a taxing unit after the date the appraisal records were submitted.

SECTION 3. Provides that this Act applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

SECTION 4. Effective date: January 1, 2016, contingent upon approval by the voters of the constitutional amendment authorizing the governing body of a political subdivision other than a school district to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the market value of an individual's residence homestead is approved by the voters.