Chapter 511

S.B. No. 15

AN ACT
relating to an exemption from ad valorem taxation of the residence
homestead of the surviving spouse of a first responder who is killed
or fatally injured in the line of duty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by
adding Section 11.134 to read as follows:

Sec. 11.134. RESIDENCE HOMESTEAD OF SURVIVING SPOUSE OF
FIRST RESPONDER KILLED IN LINE OF DUTY. (a) In this section:

(1) "First responder" means an individual listed under
Section 615.003, Government Code.

(2) "Residence homestead" has the meaning assigned by
Section 11.13.

(3) "Surviving spouse" means the individual who was
married to a first responder at the time of the first responder's
death.

(b) The surviving spouse of a first responder who is killed
or fatally injured in the line of duty is entitled to an exemption
from taxation of the total appraised value of the surviving
spouse's residence homestead if the surviving spouse:

(1) is an eligible survivor for purposes of Chapter
615, Government Code, as determined by the Employees Retirement
System of Texas under that chapter; and

(2) has not remarried since the death of the first
(c) The exemption provided by this section applies regardless of the date of the first responder's death if the surviving spouse otherwise meets the qualifications of this section.

(d) A surviving spouse who receives an exemption under Subsection (b) for a residence homestead is entitled to receive an exemption from taxation of a property that the surviving spouse subsequently qualifies as the surviving spouse's residence homestead in an amount equal to the dollar amount of the exemption from taxation of the first property for which the surviving spouse received the exemption under Subsection (b) in the last year in which the surviving spouse received that exemption if the surviving spouse has not remarried since the death of the first responder.

The surviving spouse is entitled to receive from the chief appraiser of the appraisal district in which the first property for which the surviving spouse claimed the exemption 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 homestead.

SECTION 2. Section 11.42(c), Tax Code, is amended to read as follows:

(c) An exemption authorized by Section 11.13(c) or (d), 11.132, [or] 11.133, or 11.134 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 3. Section 11.43(c), Tax Code, is amended to read as
(c) An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, or 11.315, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes. However, the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption. If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

SECTION 4. Section 11.431(a), Tax Code, is amended to read as follows:

(a) The chief appraiser shall 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, an exemption under Section 11.133 for the residence homestead of the surviving spouse of a member of the armed
services of the United States who is killed in action, or an
exemption under Section 11.134 for the residence homestead of the
surviving spouse of a first responder who is killed or fatally
injured in the line of duty, 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 5. Section 26.10(b), Tax Code, is amended to read as
follows:

(b) If the appraisal roll shows that a residence homestead
exemption under Section 11.13(c) or (d), 11.132, [●] 11.133, or
11.134 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:

(1) subtracting:

(A) the amount of the taxes that otherwise would
be imposed on the former residence homestead for the entire year had
the owner qualified for the residence homestead exemption for the
entire year; from

(B) the amount of the taxes that otherwise would
be imposed on the former residence homestead for the entire year had
the owner not qualified for the residence homestead exemption
during the year;

(2) multiplying the remainder determined under
Subdivision (1) by a fraction, the denominator of which is 365 and
the numerator of which is the number of days that elapsed after the
(3) adding the product determined under Subdivision (2) and the amount described by Subdivision (1)(A).

SECTION 6. Section 26.112, Tax Code, is amended to read as follows:

Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF CERTAIN PERSONS. (a) 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), 11.133, or 11.134, 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) If an individual qualifies for an exemption under Section 11.13(c) or (d), 11.133, or 11.134 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, the assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall 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 on the property has been paid, the tax collector for the taxing unit shall refund to the person who paid the tax the amount by which the payment exceeded the tax due.

SECTION 7. Section 403.302(d-1), Government Code, is
amended to read as follows:

(d-1) For purposes of Subsection (d), a residence homestead that receives an exemption under Section 11.131L [●] 11.133, or 11.134, Tax Code, in the year that is the subject of the study is not considered to be taxable property.

SECTION 8. Section 11.134, Tax Code, as added by this Act, applies only to a tax year beginning on or after January 1, 2018.

SECTION 9. This Act takes effect January 1, 2018, but only if the constitutional amendment proposed by the 85th Legislature, Regular Session, 2017, authorizing the legislature to provide for an exemption from ad valorem taxation of all or part of the market value of the residence homestead of the surviving spouse of a first responder who is killed or fatally injured in the line of duty is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.
S.B. No. 15

President of the Senate

I hereby certify that S.B. No. 15 passed the Senate on March 13, 2017, by the following vote: Yeas 30, Nays 0.

Speaker of the House

I hereby certify that S.B. No. 15 passed the House on May 24, 2017, by the following vote: Yeas 135, Nays 3, two present not voting.

Secretary of the Senate

Chief Clerk of the House

Approved: 6-7-2017

Date

Governor

FILED IN THE OFFICE OF THE SECRETARY OF STATE
7:00 PM O'CLOCK

JUN 8 2017
Secretary of State
TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB15 by Huffines (Relating to an exemption from ad valorem taxation of the residence homestead of the surviving spouse of a first responder who is killed or fatally injured in the line of duty.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for SB15, As Engrossed: a negative impact of ($4,000) through the biennium ending August 31, 2019, contingent upon passage of a constitutional amendment authorizing the exemption.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

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<tr>
<th>Fiscal Year</th>
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Fiscal Analysis

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to add a new total residence homestead exemption for a surviving spouse of a first responder who is killed or fatally injured in the line of duty if the surviving spouse has not remarried. A surviving spouse is eligible for the exemption if he or she is an eligible survivor for purposes of Chapter 615, Government Code, relating to financial assistance to survivors of certain law enforcement officers, fire fighters, and others, as determined by the Employees Retirement System of Texas. The exemption would apply regardless of the date of the first responder's death. A surviving spouse would be allowed to receive an exemption on a subsequent residence homestead of the same dollar amount as received in the final year the spouse owned the homestead on which the exemption was initially granted, and would be entitled to a written certificate from the chief appraiser providing the information necessary to determine that amount.

The bill would take effect on January 1, 2018, contingent on voter approval of a constitutional amendment.

Methodology

The new total homestead exemption for surviving spouses of first responders would create a cost for units of local government and for the state through the school funding formulas.

The taxable value losses were calculated based on information from appraisal districts, the Employee Retirement System, and the Governor's Office. Projected tax rates were applied to the taxable value losses through the five-year projection period to estimate tax revenue losses to school districts, special districts, cities and counties. Under provisions of the Education Code, the school district tax revenue loss is partially transferred to the state. Projected school funding rates were applied to estimate the state loss and the net school district loss.

In the first year of a taxable value loss, state recapture is reduced (a state loss). Because of the use of lagged year property values, in the second and successive years of a taxable value loss, state recapture is further reduced and the previous year's school district loss related to the Tier 1 rate is generally transferred to the state through the Tier I funding formulas (a state loss).

In the school district enrichment formula (Tier 2), property values do not reflect the first-year value loss because of the one-year value lag. Because the formula does reflect a tax collections decline in that year, school districts lose Tier 2 funding creating a state gain. In the second and successive years a large portion of the previous year's enrichment loss is transferred to the state (a state loss).

The school district debt (facilities) funding formula does not reflect the first-year taxable value loss because of lagged property values. In the second and successive years a small portion of the previous year's school district facilities loss is transferred to the state (a state loss).
Local Government Impact

The estimated fiscal implication to units of local government is reflected in the table above and is contingent upon passage of a constitutional amendment authorizing the exemption.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, KK, SD, SJS, AG
TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

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