

By: Metcalf

H.B. No. 969

A BILL TO BE ENTITLED

AN ACT

relating to the deferral or abatement of the collection of ad  
valorem taxes on certain real property.

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

SECTION 1. Section 6.035(a), Tax Code, is amended to read as  
follows:

(a) An individual is ineligible to serve on an appraisal  
district board of directors and is disqualified from employment as  
chief appraiser if the individual:

(1) is related within the second degree by  
consanguinity or affinity, as determined under Chapter 573,  
Government Code, to an individual who is engaged in the business of  
appraising property for compensation for use in proceedings under  
this title or of representing property owners for compensation in  
proceedings under this title in the appraisal district; or

(2) owns property on which delinquent taxes have been  
owed to a taxing unit for more than 60 days after the date the  
individual knew or should have known of the delinquency unless:

(A) the delinquent taxes and any penalties and  
interest are being paid under an installment payment agreement  
under Section 33.02; or

(B) a suit to collect the delinquent taxes is  
deferred or abated under Section 33.06, ~~or~~ 33.065, or 33.066.

SECTION 2. Section 6.412(a), Tax Code, is amended to read as

1 follows:

2 (a) An individual is ineligible to serve on an appraisal  
3 review board if the individual:

4 (1) is related within the second degree by  
5 consanguinity or affinity, as determined under Chapter 573,  
6 Government Code, to an individual who is engaged in the business of  
7 appraising property for compensation for use in proceedings under  
8 this title or of representing property owners for compensation in  
9 proceedings under this title in the appraisal district for which  
10 the appraisal review board is established;

11 (2) owns property on which delinquent taxes have been  
12 owed to a taxing unit for more than 60 days after the date the  
13 individual knew or should have known of the delinquency unless:

14 (A) the delinquent taxes and any penalties and  
15 interest are being paid under an installment payment agreement  
16 under Section 33.02; or

17 (B) a suit to collect the delinquent taxes is  
18 deferred or abated under Section 33.06, ~~or~~ 33.065, or 33.066; or

19 (3) is related within the third degree by  
20 consanguinity or within the second degree by affinity, as  
21 determined under Chapter 573, Government Code, to a member of the  
22 appraisal district's board of directors.

23 SECTION 3. Section 33.06(d), Tax Code, is amended to read as  
24 follows:

25 (d) A tax lien remains on the property and interest  
26 continues to accrue during the period collection of taxes is  
27 deferred or abated under this section. The annual interest rate

1 during the deferral or abatement period is two [~~eight~~] percent  
 2 instead of the rate provided by Section 33.01. Interest and  
 3 penalties that accrued or that were incurred or imposed under  
 4 Section 33.01 or 33.07 before the date the individual files the  
 5 deferral affidavit under Subsection (b) or the date the judgment  
 6 abating the suit is entered, as applicable, are preserved. A  
 7 penalty under Section 33.01 is not incurred during a deferral or  
 8 abatement period. The additional penalty under Section 33.07 may  
 9 be imposed and collected only if the taxes for which collection is  
 10 deferred or abated remain delinquent on or after the 181st day after  
 11 the date the deferral or abatement period expires. A plea of  
 12 limitation, laches, or want of prosecution does not apply against  
 13 the taxing unit because of deferral or abatement of collection as  
 14 provided by this section.

15 SECTION 4. Section 33.065, Tax Code, is amended to read as  
 16 follows:

17 Sec. 33.065. DEFERRED COLLECTION OF TAXES ON [~~APPRECIATING~~]  
 18 RESIDENCE HOMESTEAD BASED ON APPRECIATING VALUE OR OWNER EQUITY.

19 (a) An individual is entitled to defer collection of a tax or abate  
 20 a suit to collect a delinquent tax imposed on:

21 (1) the portion of the appraised value of property the  
 22 individual owns and occupies as the individual's residence  
 23 homestead that exceeds the sum of:

24 (A) [~~(1)~~] 105 percent of the appraised value of  
 25 the property for the preceding year; and

26 (B) [~~(2)~~] the market value of all new  
 27 improvements to the property; or

(2) property the individual owns and occupies as the individual's residence homestead if the individual has an ownership interest in the property on January 1 of the tax year for which the tax is imposed equal to or greater than 10 percent of the market value of the property for that tax year.

(b) An individual may not obtain a deferral or abatement authorized by Subsection (a)(1) ~~[under this section]~~, and any deferral or abatement previously received expires, if the taxes on the portion of the appraised value of the property that does not exceed the amount provided by Subsection (a)(1) ~~[(a)]~~ are delinquent.

(c) To obtain a deferral, an individual must file with the chief appraiser for the appraisal district in which the property is located a valid ~~[an]~~ affidavit stating the facts required to be established by Subsection (a)(1) or (2), as applicable ~~[(a)]~~. If the chief appraiser determines that the affidavit is valid, the ~~[The]~~ chief appraiser shall notify each taxing unit participating in the district of the filing. After receiving the notice that a valid ~~[an]~~ affidavit has been ~~[is]~~ filed under this subsection, a taxing unit may not file suit to collect delinquent taxes on the property for which collection is deferred until the earlier of the date the deferral expires as provided by Subsection (g), if applicable, or the date the individual no longer owns and occupies the property as a residence homestead.

(d) To obtain an abatement, the individual must file in the court in which the delinquent tax suit is pending an affidavit stating the facts required to be established by Subsection (a)(1)

1 or (2), as applicable ~~[(a)]~~. If the taxing unit that filed the suit  
2 does not file a controverting affidavit or if, after a hearing, the  
3 court finds the individual is entitled to the deferral, the court  
4 shall abate the suit until the earlier of the date the abatement  
5 expires as provided by Subsection (g), if applicable, or the date  
6 the individual no longer owns and occupies the property as the  
7 individual's residence homestead. The clerk of the court shall  
8 deliver a copy of the judgment abating the suit to the chief  
9 appraiser of each appraisal district that appraises the property.

10 (e) A deferral or abatement authorized by Subsection (a)(1)  
11 ~~[under this section]~~ applies only to ad valorem taxes imposed  
12 beginning with the tax year following the first tax year the  
13 individual entitled to the deferral or abatement qualifies the  
14 property for an exemption under Section 11.13. For purposes of this  
15 subsection, the owner of a residence homestead that is qualified  
16 for an exemption under Section 11.13 on January 1, 1998, is  
17 considered to have qualified the property for the first time in the  
18 1997 tax year.

19 (f) If the collection of delinquent taxes on ~~[the]~~ property  
20 was deferred under Subsection (a)(1) in a prior tax year and the sum  
21 of the amounts described by Subsections (a)(1)(A) and (B) ~~[(a)(1)~~  
22 ~~and (2)]~~ exceeds the appraised value of the property for the current  
23 tax year, the amount of taxes the collection of which may be  
24 deferred is reduced by the amount calculated by multiplying the  
25 taxing unit's tax rate for the current year by the amount by which  
26 that sum exceeds the appraised value of the property.

27 (g) A deferral or abatement authorized by Subsection (a)(2)

1 and obtained by an individual expires on the first January 1 on  
2 which the individual no longer has the ownership interest in the  
3 property prescribed by that subdivision. An individual who obtains  
4 a deferral or abatement authorized by Subsection (a)(2) must file  
5 annually with the chief appraiser that received the affidavit for  
6 the deferral or the court that received the affidavit for the  
7 abatement, as applicable, a valid affidavit demonstrating that the  
8 individual has the ownership interest in the property prescribed by  
9 that subdivision on January 1 of the current tax year or stating  
10 that the individual does not meet that requirement on that date.

11       (h) A tax lien remains on the property and interest  
12 continues to accrue during the period collection of delinquent  
13 taxes is deferred or abated under this section. Except as provided  
14 by Subsection (i), the ~~[The]~~ annual interest rate during the  
15 deferral or abatement period is eight percent instead of the rate  
16 provided by Section 33.01. Interest and penalties that accrued or  
17 that were incurred or imposed under Section 33.01 or 33.07 before  
18 the date the individual files the deferral affidavit under  
19 Subsection (c) or the date the judgment abating the suit is entered,  
20 as applicable, are preserved. A penalty is not incurred on the  
21 delinquent taxes for which collection is deferred or abated during  
22 a deferral or abatement period. The additional penalty under  
23 Section 33.07 may be imposed and collected only if the delinquent  
24 taxes for which collection is deferred or abated remain delinquent  
25 on or after the 91st day after the date the deferral or abatement  
26 period expires. A plea of limitation, laches, or want of  
27 prosecution does not apply against the taxing unit because of

1 deferral or abatement of collection as provided by this section.

2 (i) The annual interest rate during the deferral or  
3 abatement period is two percent instead of the rate provided by  
4 Subsection (h) for each tax year for which the individual has an  
5 ownership interest in the property on January 1 of the tax year that  
6 is equal to or greater than 50 percent of the market value of the  
7 property for that tax year. To receive the interest rate prescribed  
8 by this subsection for a tax year, an individual must file with the  
9 chief appraiser that received the affidavit for the deferral or the  
10 court that received the affidavit for the abatement, as applicable,  
11 a valid affidavit stating the facts required to demonstrate that  
12 the individual is entitled to the interest rate provided by this  
13 subsection for that tax year.

14 (j) A chief appraiser or court may prescribe the contents  
15 of, and the manner and time for filing, an affidavit required by  
16 Subsection (g) or (i). If the chief appraiser or court, as  
17 applicable, determines that the affidavit is valid, the chief  
18 appraiser or court shall notify each taxing unit participating in  
19 the district of the filing of an affidavit under those subsections.

20 (k) [~~(h)~~] Each year the chief appraiser for each appraisal  
21 district shall publicize in a manner reasonably designed to notify  
22 all residents of the county for which the appraisal district is  
23 established of the provisions of this section and, specifically,  
24 the method by which an eligible person may obtain a deferral.

25 (l) [~~(i)~~] In this section:

26 (1) "New improvement" means an improvement to a  
27 residence homestead that is made after the appraisal of the

1 property for the preceding year and that increases the market value  
2 of the property. The term does not include ordinary maintenance of  
3 an existing structure or the grounds or another feature of the  
4 property.

5 (2) "Residence homestead" has the meaning assigned  
6 that term by Section 11.13.

7 (m) For the purposes of this section, an individual's  
8 ownership interest in property for a tax year is equal to the  
9 difference between the market value of the property for that tax  
10 year and the total outstanding debt secured by liens attached to the  
11 property on January 1 of that tax year.

12 SECTION 5. Subchapter A, Chapter 33, Tax Code, is amended by  
13 adding Section 33.066 to read as follows:

14 Sec. 33.066. DEFERRED COLLECTION OF TAXES ON HISTORIC  
15 FAMILY PROPERTY. (a) In this section, "historic family property"  
16 means real property owned continuously for at least the preceding  
17 100 years by one or more individuals who are members of the same  
18 family. For purposes of this subsection, individuals are considered  
19 to be members of the same family if they are related within the  
20 third degree by consanguinity or affinity, as determined under  
21 Chapter 573, Government Code, at the time the property is  
22 transferred from one to the other.

23 (b) An individual is entitled to defer collection of a tax  
24 or abate a suit to collect a delinquent tax imposed on a historic  
25 family property if the individual:

26 (1) owns the property; and

27 (2) has an ownership interest in the property on



1 January 1 of the tax year for which the tax is imposed equal to or  
2 greater than 50 percent of the market value of the property for that  
3 tax year.

4 (c) To obtain a deferral, an individual must file with the  
5 chief appraiser for the appraisal district in which the property is  
6 located a valid affidavit stating the facts required to be  
7 established by Subsection (b). If the chief appraiser determines  
8 that the affidavit is valid, the chief appraiser shall notify each  
9 taxing unit participating in the district of the filing. After  
10 receiving the notice that a valid affidavit has been filed under  
11 this subsection, a taxing unit may not file suit to collect  
12 delinquent taxes on the property for which collection is deferred  
13 until the date the individual no longer owns the property.

14 (d) To obtain an abatement, the individual must file in the  
15 court in which the delinquent tax suit is pending an affidavit  
16 stating the facts required to be established by Subsection (b). If  
17 the taxing unit that filed the suit does not file a controverting  
18 affidavit or if, after a hearing, the court finds the individual is  
19 entitled to the deferral, the court shall abate the suit until the  
20 date the individual no longer owns the property. The clerk of the  
21 court shall deliver a copy of the judgment abating the suit to the  
22 chief appraiser of each appraisal district that appraises the  
23 property.

24 (e) A deferral or abatement authorized by Subsection (b) and  
25 obtained by an individual expires on the first January 1 on which  
26 the individual no longer meets the ownership requirements  
27 prescribed by that subsection. An individual who obtains a deferral

or abatement authorized by Subsection (b) must file annually with the chief appraiser that received the affidavit for the deferral or the court that received the affidavit for the abatement, as applicable, a valid affidavit demonstrating that the individual meets the ownership requirements prescribed by that subsection on January 1 of the current tax year or stating that the individual does not meet those requirements on that date.

(f) A tax lien remains on the property and interest continues to accrue during the period collection of delinquent taxes is deferred or abated under this section. The annual interest rate during the deferral or abatement period is eight percent instead of the rate provided by Section 33.01. Interest and penalties that accrued or that were incurred or imposed under Section 33.01 or 33.07 before the date the individual files the deferral affidavit under Subsection (c) or the date the judgment abating the suit is entered, as applicable, are preserved. A penalty is not incurred on the delinquent taxes for which collection is deferred or abated during a deferral or abatement period. The additional penalty under Section 33.07 may be imposed and collected only if the delinquent taxes for which collection is deferred or abated remain delinquent on or after the 91st day after the date the deferral or abatement period expires. A plea of limitation, laches, or want of prosecution does not apply against the taxing unit because of deferral or abatement of collection as provided by this section.

(g) Each year the chief appraiser for each appraisal district shall publicize in a manner reasonably designed to notify

1 all residents of the county for which the appraisal district is  
2 established of the provisions of this section and, specifically,  
3 the method by which an eligible person may obtain a deferral.

4 (h) For the purposes of this section, an individual's  
5 ownership interest in property for a tax year is equal to the  
6 difference between the market value of the property for that tax  
7 year and the total outstanding debt secured by liens attached to the  
8 property on January 1 of that tax year.

9 SECTION 6. Section 403.302(d), Government Code, is amended  
10 to read as follows:

11 (d) For the purposes of this section, "taxable value" means  
12 the market value of all taxable property less:

13 (1) the total dollar amount of any residence homestead  
14 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
15 Code, in the year that is the subject of the study for each school  
16 district;

17 (2) one-half of the total dollar amount of any  
18 residence homestead exemptions granted under Section 11.13(n), Tax  
19 Code, in the year that is the subject of the study for each school  
20 district;

21 (3) the total dollar amount of any exemptions granted  
22 before May 31, 1993, within a reinvestment zone under agreements  
23 authorized by Chapter 312, Tax Code;

24 (4) subject to Subsection (e), the total dollar amount  
25 of any captured appraised value of property that:

26 (A) is within a reinvestment zone created on or  
27 before May 31, 1999, or is proposed to be included within the

1 boundaries of a reinvestment zone as the boundaries of the zone and  
2 the proposed portion of tax increment paid into the tax increment  
3 fund by a school district are described in a written notification  
4 provided by the municipality or the board of directors of the zone  
5 to the governing bodies of the other taxing units in the manner  
6 provided by former Section 311.003(e), Tax Code, before May 31,  
7 1999, and within the boundaries of the zone as those boundaries  
8 existed on September 1, 1999, including subsequent improvements to  
9 the property regardless of when made;

10 (B) generates taxes paid into a tax increment  
11 fund created under Chapter 311, Tax Code, under a reinvestment zone  
12 financing plan approved under Section 311.011(d), Tax Code, on or  
13 before September 1, 1999; and

14 (C) is eligible for tax increment financing under  
15 Chapter 311, Tax Code;

16 (5) the total dollar amount of any captured appraised  
17 value of property that:

18 (A) is within a reinvestment zone:

19 (i) created on or before December 31, 2008,  
20 by a municipality with a population of less than 18,000; and

21 (ii) the project plan for which includes  
22 the alteration, remodeling, repair, or reconstruction of a  
23 structure that is included on the National Register of Historic  
24 Places and requires that a portion of the tax increment of the zone  
25 be used for the improvement or construction of related facilities  
26 or for affordable housing;

27 (B) generates school district taxes that are paid

1 into a tax increment fund created under Chapter 311, Tax Code; and

2 (C) is eligible for tax increment financing under  
3 Chapter 311, Tax Code;

4 (6) the total dollar amount of any exemptions granted  
5 under Section 11.251 or 11.253, Tax Code;

6 (7) the difference between the comptroller's estimate  
7 of the market value and the productivity value of land that  
8 qualifies for appraisal on the basis of its productive capacity,  
9 except that the productivity value estimated by the comptroller may  
10 not exceed the fair market value of the land;

11 (8) the portion of the appraised value of residence  
12 homesteads of individuals who receive a tax limitation under  
13 Section 11.26, Tax Code, on which school district taxes are not  
14 imposed in the year that is the subject of the study, calculated as  
15 if the residence homesteads were appraised at the full value  
16 required by law;

17 (9) a portion of the market value of property not  
18 otherwise fully taxable by the district at market value because of:

19 (A) action required by statute or the  
20 constitution of this state, other than Section 11.311, Tax Code,  
21 that, if the tax rate adopted by the district is applied to it,  
22 produces an amount equal to the difference between the tax that the  
23 district would have imposed on the property if the property were  
24 fully taxable at market value and the tax that the district is  
25 actually authorized to impose on the property, if this subsection  
26 does not otherwise require that portion to be deducted; or

27 (B) action taken by the district under Subchapter

1 B or C, Chapter 313, Tax Code, before the expiration of the  
2 subchapter;

3 (10) the market value of all tangible personal  
4 property, other than manufactured homes, owned by a family or  
5 individual and not held or used for the production of income;

6 (11) the appraised value of property the collection of  
7 delinquent taxes on which is deferred under Section 33.06,  
8 33.065(a)(2), or 33.066, Tax Code;

9 (12) the portion of the appraised value of property  
10 the collection of delinquent taxes on which is deferred under  
11 Section 33.065(a)(1) [~~33.065~~], Tax Code; and

12 (13) the amount by which the market value of a  
13 residence homestead to which Section 23.23, Tax Code, applies  
14 exceeds the appraised value of that property as calculated under  
15 that section.

16 SECTION 7. Section 33.06(d), Tax Code, as amended by this  
17 Act, and Section 33.065(i), Tax Code, as added by this Act, apply  
18 only to interest that accrues during a deferral or abatement period  
19 on or after the effective date of this Act, regardless of whether  
20 the deferral or abatement period began before that date or begins on  
21 or after that date. Interest that accrued during a deferral or  
22 abatement period before the effective date of this Act is governed  
23 by the law in effect when the interest accrued, and that law is  
24 continued in effect for that purpose.

25 SECTION 8. This Act takes effect January 1, 2018.