

CHAPTER 854

H.B. No. 2813

AN ACT

relating to the ad valorem taxation of a residence homestead owned by a qualifying trust.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 11.13(j), Tax Code, is amended to read as follows

(j) For purposes of this section:

(1) "~~Residence~~ [~~residence~~] homestead" means a structure (including a mobile home) or a separately secured and occupied portion of a structure (together with the land, not to exceed 20 acres, and improvements used in the residential occupancy of the structure, if the structure and the land and improvements have identical ownership) that:

(A) [(1)] is owned by one or more individuals, *either directly or through a beneficial interest in a qualifying trust;*

(B) [(2)] is designed or adapted for human residence;

(C) [(3)] is used as a residence; and

(D) [(4)] is occupied as his principal residence by an owner *or, for property owned through a beneficial interest in a qualifying trust, by a trustor of the trust who qualifies for the exemption.*

(2) "*Trustor*" means a person who transfers an interest in residential property to a qualifying trust, whether by deed or by will, or the person's spouse.

(3) "*Qualifying trust*" means a trust:

(A) *in which the agreement or will creating the trust provides that the trustor of the trust has the right to use and occupy as the trustor's principal residence residential property rent free and without charge except for taxes and other costs and expenses specified in the instrument;*

(i) *for life;*

(ii) *for the lesser of life or a term of years; or*

(iii) *until the date the trust is revoked or terminated by an instrument that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and*

(B) *that acquires the property in an instrument of title that:*

(i) *describes the property with sufficient certainty to identify it and the interest acquired;*

(ii) is recorded in the real property records of the county in which the property is located; and

(iii) is executed by the trustor or the personal representative of the trustor.

SECTION 2. Section 11.26, Tax Code, is amended by adding Subsection (f) to read as follows:

(f) The limitation on tax increases required by this section does not expire because the owner of an interest in the structure conveys the interest to a qualifying trust as defined by Section 11.13(j) if the owner or the owner's spouse is a trustor of the trust and is entitled to occupy the structure.

SECTION 3. Chapter 25, Tax Code, is amended by adding Section 25.135 to read as follows:

Sec. 25.135. QUALIFYING TRUSTS. The interest of a qualifying trust as defined by Section 11.13(j) in a residence homestead shall be listed in the name of the trustor of the trust.

SECTION 4. Section 32.07, Tax Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) Except as provided by Subsections [Subsection] (b) and (c) of this section, property taxes are the personal obligation of the person who owns or acquires the property on January 1 of the year for which the tax is imposed. A person is not relieved of the obligation because he no longer owns the property.

(c) A qualifying trust as defined by Section 11.13(j) and each trustor of the trust are jointly and severally liable for the tax imposed on the interest of the trust in a residence homestead.

SECTION 5. This Act takes effect January 1, 1994.

SECTION 6. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on May 7, 1993, by a non-record vote; passed by the Senate on May 30, 1993, by a viva-voce vote.

Approved June 19, 1993.

Effective Jan. 1, 1994.