

CHAPTER 547

S.B. No. 21

AN ACT

relating to homestead property eligible for property tax exemption.

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

SECTION 1. Section 11.13, Tax Code, is amended by adding Subsections (o) and (p) to read as follows:

(o) For purposes of this section, a residence homestead also may consist of an interest in real property created through ownership of stock in a corporation incorporated under the Cooperative Association Act (Article 1396-50.01, Vernon's Texas Civil Statutes) to provide dwelling places to its stockholders if:

(1) the interests of the stockholders of the corporation are appraised separately as provided by Section 23.19 of this code in the tax year to which the exemption applies;

(2) ownership of the stock entitles the owner to occupy a dwelling place owned by the corporation;

(3) the dwelling place is a structure or a separately secured and occupied portion of a structure; and

(4) the dwelling place is occupied as his principal residence by a stockholder who qualifies for the exemption.

(p) Exemption under this section for a homestead described by Subsection (o) of this section extends only to the dwelling place occupied as a residence homestead and to a portion of the total common area used in the residential occupancy that is equal to the percentage of the total amount of the stock issued by the corporation that is owned by the homestead claimant. The size of a residence homestead under Subsection (o) of this section, including any relevant portion of common area, may not exceed 20 acres.

SECTION 2. Subchapter B, Chapter 23, Tax Code, is amended by adding Section 23.19 to read as follows:

Sec. 23.19. PROPERTY OCCUPIED BY STOCKHOLDERS OF CORPORATION INCORPORATED UNDER COOPERATIVE ASSOCIATION ACT. (a) In this section, "cooperative housing corporation" means a corporation incorporated under the Cooperative Association Act (Article 1396-50.01, Vernon's Texas Civil Statutes) to provide dwelling places for its stockholders.

(b) If an appraisal district receives a written request for the appraisal of real property and improvements of a cooperative housing corporation according to the separate interests of the corporation's stockholders, the chief appraiser shall separately appraise the interests described by Subsection (d) of this section if the conditions required by Subsections (e) and (f) of this section have been met. Separate appraisal under this section is for the purposes of administration of tax exemptions, determination of applicable limitations of taxes under Section 11.26 of this code, and apportionment by a cooperative housing corporation of property taxes among its stockholders but is not the basis for determining value on which a tax is imposed under this title. A stockholder whose interest is separately appraised under this section may protest and appeal the appraised value in the manner provided by this title for protest and appeal of the appraised value of other property.

(c) An appraisal under this section applies to the tax year in which a request is made under this section only if the request is received by the appraisal district before March 1. After the first separate appraisal of interests of stockholders of a cooperative housing corporation under this section, separate appraisals of interests of stockholders of the corporation shall be made in subsequent years without further request. A request may not be rescinded after the first separate appraisal has been made, and a request is binding on future owners and stockholders of the corporation.

(d) The interest that is to be separately appraised under this section is the market value of the right of exclusive occupancy of each separate dwelling place that is transferable only concurrently with the transfer of stock ownership in the corporation by the person having the right of occupancy, together with the market value of the right of use of a portion of the total common area used in the residential occupancy that is equal to the percentage of the total amount of the stock issued by the corporation that is owned by the stockholder.

(e) A separate appraisal of interests under this section may not be made unless:

(1) the person making the request files a resolution of the board of directors of the corporation certifying that the stockholders of the corporation have approved the request in the manner provided by the corporate articles of incorporation or bylaws for approval of matters affecting the corporation generally; and

(2) a diagrammatic floor plan of the improvements and a survey plot map of the land showing the location of the improvements on the land have been filed with the appraisal district.

(f) The chief appraiser may require a cooperative housing corporation for which separate appraisal of interests has been requested under this section to submit or verify a list of stockholders of the corporation at least annually.

(g) A tax bill or a separate statement accompanying the tax bill to a cooperative housing corporation for which interests of stockholders are separately appraised under this section must state, in addition to the information required by Section 31.01 of this code, the appraised value and taxable value of each interest separately appraised. Each exemption claimed as provided by this title by a person entitled to the exemption shall also be deducted from the total appraised value of the property of the corporation. The total tax imposed by a school district shall be reduced by any amount that represents an increase in taxes attributable to separately appraised interests of the real property and improvements that are subject to the limitation of taxes prescribed by Section 11.26 of this code. The corporation shall apportion among its stockholders liability for reimbursing the corporation for property taxes according to the relative taxable values of their interests.

(h) A cooperative housing corporation remains liable for payment of all taxes, penalties, and interest imposed under this title on property owned by the corporation, and the tax lien attaches to the entirety of the property.

(i) The chief appraiser may charge a fee in an amount not to exceed \$100 for the initial cost of separately appraising interests in a cooperative housing corporation.

SECTION 3. This Act takes effect January 1, 1988.

SECTION 4. 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 the Senate on May 13, 1987, by the following vote: Yeas 30, Nays 0. Passed the House on May 22, 1987, by a non-record vote.

Approved June 18, 1987.

Effective Jan. 1, 1988.