

By: Schofield

H.B. No. 72

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to an exemption from ad valorem taxation by a school  
3 district of a dollar amount or a percentage, whichever is greater,  
4 of the appraised value of a residence homestead, a reduction of the  
5 limitation on the total amount of ad valorem taxes that may be  
6 imposed by a school district on the homestead of a person who is  
7 elderly or disabled to reflect any increase in the exemption  
8 amount, and the protection of school districts against the  
9 resulting loss in local revenue.

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

11 SECTION 1. Section 11.13(b), Tax Code, is amended to read as  
12 follows:

13 (b) An adult is entitled to exemption from taxation by a  
14 school district of \$25,000 of the appraised value of the adult's  
15 residence homestead or 16.7 percent of the appraised value of the  
16 adult's residence homestead, whichever is greater, except that only  
17 \$5,000 of the exemption applies to an entity operating under former  
18 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters  
19 existed on May 1, 1995, as permitted by Section 11.301, Education  
20 Code.

21 SECTION 2. Section 11.26(a), Tax Code, is amended to read as  
22 follows:

23 (a) The tax officials shall appraise the property to which  
24 this section applies and calculate taxes as on other property, but

1 if the tax so calculated exceeds the limitation imposed by this  
2 section, the tax imposed is the amount of the tax as limited by this  
3 section, except as otherwise provided by this section. A school  
4 district may not increase the total annual amount of ad valorem tax  
5 it imposes on the residence homestead of an individual 65 years of  
6 age or older or on the residence homestead of an individual who is  
7 disabled, as defined by Section 11.13, above the amount of the tax  
8 it imposed in the first tax year in which the individual qualified  
9 that residence homestead for the applicable exemption provided by  
10 Section 11.13(c) for an individual who is 65 years of age or older  
11 or is disabled. If the individual qualified that residence  
12 homestead for the exemption after the beginning of that first year  
13 and the residence homestead remains eligible for the same exemption  
14 for the next year, and if the school district taxes imposed on the  
15 residence homestead in the next year are less than the amount of  
16 taxes imposed in that first year, a school district may not  
17 subsequently increase the total annual amount of ad valorem taxes  
18 it imposes on the residence homestead above the amount it imposed in  
19 the year immediately following the first year for which the  
20 individual qualified that residence homestead for the same  
21 exemption, except as provided by Subsection (b). If the first tax  
22 year the individual qualified the residence homestead for the  
23 exemption provided by Section 11.13(c) for individuals 65 years of  
24 age or older or disabled was a tax year before the 2015 tax year, the  
25 amount of the limitation provided by this section is the amount of  
26 tax the school district imposed for the 2014 tax year less an amount  
27 equal to the amount determined by multiplying \$10,000 times the tax

1 rate of the school district for the 2015 tax year, plus any 2015 tax  
2 attributable to improvements made in 2014, other than improvements  
3 made to comply with governmental regulations or repairs. If the  
4 first tax year the individual qualified the residence homestead for  
5 the exemption provided by Section 11.13(c) for individuals 65 years  
6 of age or older or disabled was a tax year before the 2022 tax year  
7 and the appraised value of the homestead for the 2022 tax year is  
8 more than \$149,701, the amount of the limitation provided by this  
9 section is the amount of tax the school district imposed for the  
10 2021 tax year, less an amount equal to the amount computed by  
11 subtracting \$25,000 from an amount equal to 16.7 percent of the  
12 appraised value of the homestead for the 2022 tax year and  
13 multiplying that amount by the tax rate of the school district for  
14 the 2022 tax year, plus any 2022 tax attributable to improvements  
15 made in 2021, other than improvements made to comply with  
16 governmental regulations or repairs. Except as provided by  
17 Subsection (b), a limitation on tax increases provided by this  
18 section on a residence homestead computed under this subsection  
19 continues to apply to the homestead in subsequent tax years until  
20 the limitation expires.

21 SECTION 3. Section 46.071, Education Code, is amended by  
22 amending Subsections (a), (b), and (c) and adding Subsections  
23 (a-1), (b-1), and (c-1) to read as follows:

24 (a) Beginning with the 2015-2016 school year and continuing  
25 through the 2021-2022 school year, a school district is entitled to  
26 additional state aid under this subchapter to the extent that state  
27 and local revenue used to service debt eligible under this chapter

1 is less than the state and local revenue that would have been  
2 available to the district under this chapter as it existed on  
3 September 1, 2015, if the increase in the residence homestead  
4 exemption under Section 1-b(c), Article VIII, Texas Constitution,  
5 and the additional limitation on tax increases under Section 1-b(d)  
6 of that article as proposed by S.J.R. 1, 84th Legislature, Regular  
7 Session, 2015, had not occurred.

8 (a-1) Beginning with the 2022-2023 school year, a school  
9 district is entitled to additional state aid under this subchapter  
10 to the extent that state and local revenue used to service debt  
11 eligible under this chapter is less than the state and local revenue  
12 that would have been available to the district under this chapter as  
13 it existed on September 1, 2021, if any increase in the residence  
14 homestead exemption under Section 1-b(c), Article VIII, Texas  
15 Constitution, and any additional limitation on tax increases under  
16 Section 1-b(d) of that article as proposed by the 87th Legislature,  
17 1st Called Session, 2021, had not occurred.

18 (b) Subject to Subsections (c), (d), and (e) [~~(c)-(e)~~],  
19 additional state aid under this section through the 2021-2022  
20 school year is equal to the amount by which the loss of local  
21 interest and sinking revenue for debt service attributable to the  
22 increase in the residence homestead exemption under Section 1-b(c),  
23 Article VIII, Texas Constitution, and the additional limitation on  
24 tax increases under Section 1-b(d) of that article as proposed by  
25 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by  
26 a gain in state aid under this chapter.

27 (b-1) Subject to Subsections (c-1), (d), and (e),

1 additional state aid under this section beginning with the  
2 2022-2023 school year is equal to the amount by which the loss of  
3 local interest and sinking revenue for debt service attributable to  
4 any increase in the residence homestead exemption under Section  
5 1-b(c), Article VIII, Texas Constitution, and any additional  
6 limitation on tax increases under Section 1-b(d) of that article as  
7 proposed by the 87th Legislature, 1st Called Session, 2021, is not  
8 offset by a gain in state aid under this chapter.

9 (c) For the purpose of determining state aid under  
10 Subsections (a) and (b) [~~this section~~], local interest and sinking  
11 revenue for debt service is limited to revenue required to service  
12 debt eligible under this chapter as of September 1, 2015, including  
13 refunding of that debt, subject to Section 46.061. The limitation  
14 imposed by Section 46.034(a) does not apply for the purpose of  
15 determining state aid under this section.

16 (c-1) For the purpose of determining state aid under  
17 Subsections (a-1) and (b-1), local interest and sinking revenue for  
18 debt service is limited to revenue required to service debt  
19 eligible under this chapter as of September 1, 2021, including  
20 refunding of that debt, subject to Section 46.061. The limitation  
21 imposed by Section 46.034(a) does not apply for the purpose of  
22 determining state aid under this section.

23 SECTION 4. Subchapter F, Chapter 48, Education Code, is  
24 amended by adding Section 48.2541 to read as follows:

25 Sec. 48.2541. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
26 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2022-2023  
27 school year, a school district is entitled to additional state aid

1 to the extent that state and local revenue under this chapter and  
2 Chapter 49 is less than the state and local revenue that would have  
3 been available to the district under this chapter and Chapter 49 as  
4 those chapters existed on September 1, 2021, if any increase in the  
5 residence homestead exemption under Section 1-b(c), Article VIII,  
6 Texas Constitution, and any additional limitation on tax increases  
7 under Section 1-b(d) of that article as proposed by the 87th  
8 Legislature, 1st Called Session, 2021, had not occurred.

9 (b) The lesser of the school district's currently adopted  
10 maintenance and operations tax rate or the adopted maintenance and  
11 operations tax rate for the 2021 tax year is used for the purpose of  
12 determining additional state aid under Subsection (a).

13 SECTION 5. The changes in law made by this Act to Sections  
14 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that  
15 begins on or after January 1, 2022.

16 SECTION 6. This Act takes effect January 1, 2022, but only  
17 if the constitutional amendment proposed by the 87th Legislature,  
18 1st Called Session, 2021, providing for an exemption from ad  
19 valorem taxation for public school purposes of \$25,000 or 16.7  
20 percent, whichever is greater, of the market value of a residence  
21 homestead and providing for a reduction of the limitation on the  
22 total amount of ad valorem taxes that may be imposed for those  
23 purposes on the homestead of a person who is elderly or disabled to  
24 reflect any increase in the exemption amount is approved by the  
25 voters. If that constitutional amendment is not approved by the  
26 voters, this Act has no effect.