

By: Powell

S.B. No. 30

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an increase in the amount of the exemption of residence
3 homesteads from ad valorem taxation by a school district, a
4 reduction in the amount of the limitation on school district ad
5 valorem taxes imposed on the residence homesteads of the elderly or
6 disabled to reflect the increased exemption amount, and the
7 protection of school districts against the resulting loss in local
8 revenue.

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

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

12 (b) An adult is entitled to exemption from taxation by a
13 school district of \$35,000 [~~\$25,000~~] of the appraised value of the
14 adult's residence homestead, except that only \$5,000 of the
15 exemption applies to an entity operating under former Chapter 17,
16 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
17 May 1, 1995, as permitted by Section 11.301, Education Code.

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

20 (a) The tax officials shall appraise [~~the~~] property to which
21 this section applies and calculate taxes as on other property, but
22 if the tax [~~so~~] calculated exceeds the limitation imposed by this
23 section, the tax imposed is the amount of the tax as limited by this
24 section, except as otherwise provided by this section. A school

1 district may not increase the total annual amount of ad valorem tax
2 it imposes on the residence homestead of an individual 65 years of
3 age or older or on the residence homestead of an individual who is
4 disabled, as defined by Section 11.13, above the amount of the tax
5 it imposed in the first tax year in which the individual qualified
6 that residence homestead for the applicable exemption provided by
7 Section 11.13(c) for an individual who is 65 years of age or older
8 or is disabled. If the individual qualified that residence
9 homestead for the exemption after the beginning of that first year
10 and the residence homestead remains eligible for the same exemption
11 for the next year, and if the school district taxes imposed on the
12 residence homestead in the next year are less than the amount of
13 taxes imposed in that first year, a school district may not
14 subsequently increase the total annual amount of ad valorem taxes
15 it imposes on the residence homestead above the amount it imposed in
16 the year immediately following the first year for which the
17 individual qualified that residence homestead for the same
18 exemption, except as provided by Subsection (b). If the first tax
19 year the individual qualified the residence homestead for the
20 exemption provided by Section 11.13(c) for individuals 65 years of
21 age or older or disabled was a tax year before the 2022 [~~2015~~] tax
22 year, the amount of the limitation provided by this section for the
23 2022 tax year is the amount of tax the school district imposed for
24 the 2021 [~~2014~~] tax year less an amount equal to the amount
25 determined by multiplying \$10,000 times the tax rate of the school
26 district for the 2022 [~~2015~~] tax year, plus any 2022 [~~2015~~] tax
27 attributable to improvements made in 2021 [~~2014~~], other than

1 improvements made to comply with governmental regulations or
2 repairs.

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

6 (a) Beginning with the 2015-2016 school year and continuing
7 through the 2021-2022 school year, a school district is entitled to
8 additional state aid under this subchapter to the extent that state
9 and local revenue used to service debt eligible under this chapter
10 is less than the state and local revenue that would have been
11 available to the district under this chapter as it existed on
12 September 1, 2015, if the increase in the residence homestead
13 exemption under Section 1-b(c), Article VIII, Texas Constitution,
14 and the additional limitation on tax increases under Section 1-b(d)
15 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
16 Session, 2015, had not occurred.

17 (a-1) Beginning with the 2022-2023 school year, a school
18 district is entitled to additional state aid under this subchapter
19 to the extent that state and local revenue used to service debt
20 eligible under this chapter is less than the state and local revenue
21 that would have been available to the district under this chapter as
22 it existed on September 1, 2021, if any increase in the residence
23 homestead exemption under Section 1-b(c), Article VIII, Texas
24 Constitution, and any additional limitation on tax increases under
25 Section 1-b(d) of that article as proposed by the 87th Legislature,
26 1st Called Session, 2021, had not occurred.

27 (b) Subject to Subsections (c), (d), and (e) [~~(e)-(e)~~],

1 additional state aid under this section through the 2021-2022
2 school year is equal to the amount by which the loss of local
3 interest and sinking revenue for debt service attributable to the
4 increase in the residence homestead exemption under Section 1-b(c),
5 Article VIII, Texas Constitution, and the additional limitation on
6 tax increases under Section 1-b(d) of that article as proposed by
7 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by
8 a gain in state aid under this chapter.

9 (b-1) Subject to Subsections (c-1), (d), and (e),
10 additional state aid under this section beginning with the
11 2022-2023 school year is equal to the amount by which the loss of
12 local interest and sinking revenue for debt service attributable to
13 any increase in the residence homestead exemption under Section
14 1-b(c), Article VIII, Texas Constitution, and any additional
15 limitation on tax increases under Section 1-b(d) of that article as
16 proposed by the 87th Legislature, 1st Called Session, 2021, is not
17 offset by a gain in state aid under this chapter.

18 (c) For the purpose of determining state aid under
19 Subsections (a) and (b) [~~this section~~], local interest and sinking
20 revenue for debt service is limited to revenue required to service
21 debt eligible under this chapter as of September 1, 2015, including
22 refunding of that debt, subject to Section 46.061. The limitation
23 imposed by Section 46.034(a) does not apply for the purpose of
24 determining state aid under this section.

25 (c-1) For the purpose of determining state aid under
26 Subsections (a-1) and (b-1), local interest and sinking revenue for
27 debt service is limited to revenue required to service debt

1 eligible under this chapter as of September 1, 2021, including
2 refunding of that debt, subject to Section 46.061. The limitation
3 imposed by Section 46.034(a) does not apply for the purpose of
4 determining state aid under this section.

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

7 Sec. 48.2541. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION
8 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2022-2023
9 school year, a school district is entitled to additional state aid
10 to the extent that state and local revenue under this chapter and
11 Chapter 49 is less than the state and local revenue that would have
12 been available to the district under this chapter and Chapter 49 as
13 those chapters existed on September 1, 2021, if any increase in the
14 residence homestead exemption under Section 1-b(c), Article VIII,
15 Texas Constitution, and any additional limitation on tax increases
16 under Section 1-b(d) of that article as proposed by the 87th
17 Legislature, 1st Called Session, 2021, had not occurred.

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

22 SECTION 5. The changes in law made by this Act to Sections
23 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
24 begins on or after January 1, 2022.

25 SECTION 6. This Act takes effect January 1, 2022, but only
26 if the constitutional amendment proposed by the 87th Legislature,
27 1st Called Session, 2021, to increase the amount of the exemption of

1 residence homesteads from ad valorem taxation by a school district
2 and to reduce the amount of the limitation on school district ad
3 valorem taxes imposed on the residence homesteads of the elderly or
4 disabled to reflect the increased exemption amount is approved by
5 the voters. If that constitutional amendment is not approved by the
6 voters, this Act has no effect.