

By: Zwiener

H.B. No. 115

A BILL TO BE ENTITLED

1 AN ACT
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 \$50,000 [~~\$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. (a) This section takes effect only if the
19 constitutional amendment proposed by S.J.R. No. 2, 87th
20 Legislature, 2nd Called Session, 2021, is approved by the voters.
21 If that amendment is not approved by the voters, this section has no
22 effect.

23 (b) Section 11.26(a), Tax Code, is amended to read as
24 follows:

1 (a) The tax officials shall appraise [~~the~~] property to which
2 this section applies and calculate taxes as on other property, but
3 if the tax [~~se~~] calculated exceeds the limitation imposed by this
4 section, the tax imposed is the amount of the tax as limited by this
5 section, except as otherwise provided by this section. A school
6 district may not increase the total annual amount of ad valorem tax
7 it imposes on the residence homestead of an individual 65 years of
8 age or older or on the residence homestead of an individual who is
9 disabled, as defined by Section 11.13, above the amount of the tax
10 it imposed in the first tax year in which the individual qualified
11 that residence homestead for the applicable exemption provided by
12 Section 11.13(c) for an individual who is 65 years of age or older
13 or is disabled. If the individual qualified that residence
14 homestead for the exemption after the beginning of that first year
15 and the residence homestead remains eligible for the same exemption
16 for the next year, and if the school district taxes imposed on the
17 residence homestead in the next year are less than the amount of
18 taxes imposed in that first year, a school district may not
19 subsequently increase the total annual amount of ad valorem taxes
20 it imposes on the residence homestead above the amount it imposed in
21 the year immediately following the first year for which the
22 individual qualified that residence homestead for the same
23 exemption, except as provided by Subsection (b). If the first tax
24 year the individual qualified the residence homestead for the
25 exemption provided by Section 11.13(c) for individuals 65 years of
26 age or older or disabled was a tax year before the 2023 [~~2015~~] tax
27 year, the amount of the limitation provided by this section for the

1 2023 tax year is the amount of the limitation as computed under
2 Subsection (a-5), (a-6), (a-7), (a-8), or (a-9), as applicable,
3 ~~[tax the school district imposed for the 2014 tax year]~~ less an
4 amount equal to the product of \$25,000 and ~~[amount determined by~~
5 ~~multiplying \$10,000 times]~~ the tax rate of the school district for
6 the 2023 ~~[2015]~~ tax year~~[, plus any 2015 tax attributable to~~
7 ~~improvements made in 2014, other than improvements made to comply~~
8 ~~with governmental regulations or repairs].~~

9 SECTION 3. (a) This section takes effect only if the
10 constitutional amendment proposed by S.J.R. No. 2, 87th
11 Legislature, 2nd Called Session, 2021, is not approved by the
12 voters. If that amendment is approved by the voters, this section
13 has no effect.

14 (b) Section 11.26(a), Tax Code, is amended to read as
15 follows:

16 (a) The tax officials shall appraise ~~[the]~~ property to which
17 this section applies and calculate taxes as on other property, but
18 if the tax ~~[so]~~ calculated exceeds the limitation imposed by this
19 section, the tax imposed is the amount of the tax as limited by this
20 section, except as otherwise provided by this section. A school
21 district may not increase the total annual amount of ad valorem tax
22 it imposes on the residence homestead of an individual 65 years of
23 age or older or on the residence homestead of an individual who is
24 disabled, as defined by Section 11.13, above the amount of the tax
25 it imposed in the first tax year in which the individual qualified
26 that residence homestead for the applicable exemption provided by
27 Section 11.13(c) for an individual who is 65 years of age or older

1 or is disabled. If the individual qualified that residence
2 homestead for the exemption after the beginning of that first year
3 and the residence homestead remains eligible for the same exemption
4 for the next year, and if the school district taxes imposed on the
5 residence homestead in the next year are less than the amount of
6 taxes imposed in that first year, a school district may not
7 subsequently increase the total annual amount of ad valorem taxes
8 it imposes on the residence homestead above the amount it imposed in
9 the year immediately following the first year for which the
10 individual qualified that residence homestead for the same
11 exemption, except as provided by Subsection (b). If the first tax
12 year the individual qualified the residence homestead for the
13 exemption provided by Section 11.13(c) for individuals 65 years of
14 age or older or disabled was a tax year before the 2023 [~~2015~~] tax
15 year, the amount of the limitation provided by this section for the
16 2023 tax year is the amount of tax the school district imposed for
17 the 2022 [~~2014~~] tax year less an amount equal to the product of
18 \$25,000 and [~~amount determined by multiplying \$10,000 times~~] the
19 tax rate of the school district for the 2023 [~~2015~~] tax year, plus
20 any 2023 [~~2015~~] tax attributable to improvements made in 2022
21 [~~2014~~], other than improvements made to comply with governmental
22 regulations or repairs.

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

26 (a) Beginning with the 2015-2016 school year and continuing
27 through the 2022-2023 school year, a school district is entitled to

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

10 (a-1) Beginning with the 2023-2024 school year, a school
11 district is entitled to additional state aid under this subchapter
12 to the extent that state and local revenue used to service debt
13 eligible under this chapter is less than the state and local revenue
14 that would have been available to the district under this chapter as
15 it existed on September 1, 2022, if any increase in the residence
16 homestead exemption under Section 1-b(c), Article VIII, Texas
17 Constitution, and any additional limitation on tax increases under
18 Section 1-b(d) of that article as proposed by the 87th Legislature,
19 3rd Called Session, 2021, had not occurred.

20 (b) Subject to Subsections (c), (d), and (e) [~~(c)-(e)~~],
21 additional state aid under this section through the 2022-2023
22 school year is equal to the amount by which the loss of local
23 interest and sinking revenue for debt service attributable to the
24 increase in the residence homestead exemption under Section 1-b(c),
25 Article VIII, Texas Constitution, and the additional limitation on
26 tax increases under Section 1-b(d) of that article as proposed by
27 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by

1 a gain in state aid under this chapter.

2 (b-1) Subject to Subsections (c-1), (d), and (e),
3 additional state aid under this section beginning with the
4 2023-2024 school year is equal to the amount by which the loss of
5 local interest and sinking revenue for debt service attributable to
6 any increase in the residence homestead exemption under Section
7 1-b(c), Article VIII, Texas Constitution, and any additional
8 limitation on tax increases under Section 1-b(d) of that article as
9 proposed by the 87th Legislature, 3rd Called Session, 2021, is not
10 offset by a gain in state aid under this chapter.

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

18 (c-1) For the purpose of determining state aid under
19 Subsections (a-1) and (b-1), local interest and sinking revenue for
20 debt service is limited to revenue required to service debt
21 eligible under this chapter as of September 1, 2022, 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 SECTION 5. Subchapter F, Chapter 48, Education Code, is
26 amended by adding Section 48.2543 to read as follows:

27 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION

1 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2023-2024
2 school year, a school district is entitled to additional state aid
3 to the extent that state and local revenue under this chapter and
4 Chapter 49 is less than the state and local revenue that would have
5 been available to the district under this chapter and Chapter 49 as
6 those chapters existed on September 1, 2022, if any increase in the
7 residence homestead exemption under Section 1-b(c), Article VIII,
8 Texas Constitution, and any additional limitation on tax increases
9 under Section 1-b(d) of that article as proposed by the 87th
10 Legislature, 3rd Called Session, 2021, had not occurred.

11 (b) The lesser of the school district's currently adopted
12 maintenance and operations tax rate or the adopted maintenance and
13 operations tax rate for the 2022 tax year is used for the purpose of
14 determining additional state aid under Subsection (a).

15 SECTION 6. The changes in law made by this Act to Sections
16 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
17 begins on or after January 1, 2023.

18 SECTION 7. This Act takes effect January 1, 2023, but only
19 if the constitutional amendment proposed by the 87th Legislature,
20 3rd Called Session, 2021, to increase the amount of the exemption of
21 residence homesteads from ad valorem taxation by a school district
22 and to reduce the amount of the limitation on school district ad
23 valorem taxes imposed on the residence homesteads of the elderly or
24 disabled to reflect the increased exemption amount is approved by
25 the voters. If that amendment is not approved by the voters, this
26 Act has no effect.