

AN ACT

relating to an increase in the amount of the exemption of residence homesteads from ad valorem taxation by a school district and the protection of school districts against the resulting loss in local revenue.

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

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

(b) An adult is entitled to exemption from taxation by a school district of \$40,000 [~~\$25,000~~] of the appraised value of the adult's residence homestead, except that only \$5,000 of the exemption applies to an entity operating under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters existed on May 1, 1995, as permitted by Section 11.301, Education Code.

SECTION 2. Section 46.071, Education Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (a-1), (b-1), and (c-1) to read as follows:

(a) Beginning with the 2015-2016 school year and continuing through the 2021-2022 school year, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2015, if the increase in the residence homestead

1 exemption under Section 1-b(c), Article VIII, Texas Constitution,
2 and the additional limitation on tax increases under Section 1-b(d)
3 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
4 Session, 2015, had not occurred.

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

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

23 (b-1) Subject to Subsections (c-1), (d), and (e),
24 additional state aid under this section beginning with the
25 2022-2023 school year is equal to the amount by which the loss of
26 local interest and sinking revenue for debt service attributable to
27 any increase in the residence homestead exemption under Section

1 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
2 Legislature, 3rd Called Session, 2021, is not offset by a gain in
3 state aid under this chapter.

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

11 (c-1) For the purpose of determining state aid under
12 Subsections (a-1) and (b-1), local interest and sinking revenue for
13 debt service is limited to revenue required to service debt
14 eligible under this chapter as of September 1, 2021, 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 SECTION 3. Subchapter F, Chapter 48, Education Code, is
19 amended by adding Section 48.2543 to read as follows:

20 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.

21 (a) Beginning with the 2022-2023 school year, a school district is
22 entitled to additional state aid to the extent that state and local
23 revenue under this chapter and Chapter 49 is less than the state and
24 local revenue that would have been available to the district under
25 this chapter and Chapter 49 as those chapters existed on September
26 1, 2021, if any increase in the residence homestead exemption under
27 Section 1-b(c), Article VIII, Texas Constitution, as proposed by

1 the 87th Legislature, 3rd Called Session, 2021, had not occurred.

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

6 SECTION 4. The comptroller of public accounts may adopt
7 rules for the purpose of implementing and administering the changes
8 in law made by this Act, including rules relating to the form of
9 certain information required to be provided by tax officials and
10 the date on which the information must be provided.

11 SECTION 5. Section 11.13, Tax Code, as amended by this Act,
12 applies beginning with the 2022 tax year.

13 SECTION 6. (a) Except as provided by Subsection (b) of this
14 section:

15 (1) this Act takes effect on the date on which the
16 constitutional amendment proposed by the 87th Legislature, 3rd
17 Called Session, 2021, increasing the amount of the residence
18 homestead exemption from ad valorem taxation for public school
19 purposes is approved by the voters; and

20 (2) if that amendment is not approved by the voters,
21 this Act has no effect.

22 (b) Section 4 of this Act takes effect immediately if this
23 Act receives a vote of two-thirds of all the members elected to each
24 house, as provided by Section 39, Article III, Texas Constitution.
25 If this Act does not receive the vote necessary for immediate
26 effect, Section 4 of this Act takes effect on the 91st day after the
27 last day of the legislative session.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1 passed the Senate on September 22, 2021, by the following vote: Yeas 30, Nays 1; October 15, 2021, Senate refused to concur in House amendments and requested appointment of Conference Committee; October 15, 2021, House granted request of the Senate; October 18, 2021, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House, with amendments, on October 15, 2021, by the following vote: Yeas 140, Nays 4, one present not voting; October 15, 2021, House granted request of the Senate for appointment of Conference Committee; October 18, 2021, House adopted Conference Committee Report by the following vote: Yeas 146, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor