

Amend **CSHB 3** as follows:

(1) On page 16, between lines 15 and 16, insert the following new part, appropriately lettered:

PART __. HOMESTEAD EXEMPTION

SECTION 1____.01. 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 \$45,000 [~~\$15,000~~] of the appraised value of the adult's residence homestead, except that \$40,000 [~~\$10,000~~] of the exemption does not apply 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 1____.02. Section 11.26(a), Tax Code, is amended to read as follows:

(a) The tax officials shall appraise the property to which this section applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation imposed by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. A school district may not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled, as defined by Section 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for the applicable exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or is disabled. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the same exemption for the next year, and if the school district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a school district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed in

the year immediately following the first year for which the individual qualified that residence homestead for the same exemption, except as provided by Subsection (b). If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2006 [~~1997~~] tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2005 [~~1996~~] tax year less an amount equal to the amount determined by multiplying \$30,000 [~~\$10,000~~] times the tax rate of the school district for the 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to improvements made in 2005 [~~1996~~], other than improvements made to comply with governmental regulations or repairs.

SECTION 1____.03. Section 26.08, Tax Code, is amended by adding Subsections (a-9) and (a-10) to read as follows:

(a-9) For purposes of Subsection (a-10), the chief appraiser shall certify to the assessor for each school district:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$45,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, made in connection with the increase in the homestead exemption to the amount specified by Paragraph (A).

(a-10) Notwithstanding any other provision of this section, a school district shall adopt a maintenance and operations tax rate that, when applied to the district's taxable value of property as determined provided by Subsection (a-9)(2), yields an amount equal to the amount that would be raised at a tax rate adopted in compliance with the provisions of this section other than this subsection when applied to the district's taxable value of property as determined provided by Subsection (a-9)(1).

SECTION 1____.04. This part takes effect January 1, 2006, but

only if the constitutional amendment proposed by the 79th Legislature, 1st Called Session, 2005, increasing the amount of the school district residence homestead property tax exemption to \$45,000 and providing for a corresponding adjustment of the limitation on school taxes on residence homesteads of elderly and disabled persons is approved by the voters. If that amendment is not approved by the voters, this part has no effect.