

Amend Floor Amendment No. 2 to **CSHB 3** by striking the article on page 1, line 23 to page 4, line 27, and inserting the following appropriately numbered article:

ARTICLE \_\_\_\_ . INCREASE IN RESIDENCE HOMESTEAD EXEMPTION FROM SCHOOL  
DISTRICT TAXATION

SECTION \_\_\_\_ . 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 \$22,500 [~~\$15,000~~] of the appraised value of the adult's residence homestead, except that \$17,500 [~~\$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 \_\_\_\_ . 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 \$7,500 [~~\$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 \_\_. Section 42.2511(a), Education Code, is amended to read as follows: (a) Notwithstanding any other provision of this chapter, a school district is entitled to additional state aid to the extent that state aid under this chapter based on the determination of the school district's taxable value of property as provided under Subchapter M, Chapter 403, Government Code, does not fully compensate the district for ad valorem tax revenue lost due to:

(1) the increase in the homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as proposed by the joint resolution to amend that section adopted by the 79th Legislature, 1st Called Session, 2005; and (2) the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as proposed by the joint resolution to amend that section adopted by the 79th Legislature, 1st Called Session, 2005.

SECTION \_\_. Section 403.302(j), Government Code, is amended to read as follows:

(j) For purposes of Section 42.2511, Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000; [~~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 \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed on: (A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$22,500; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by the joint resolution to amend that section adopted by the 79th Legislature, 1st Called Session, 2005.

SECTION \_\_. This article 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 residence homestead exemption from ad valorem taxation for public school purposes and providing for a corresponding adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homesteads of certain persons is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.