

By: Hopson

H.B. No. 71

A BILL TO BE ENTITLED

1 AN ACT

2 relating to increasing the amount of the residence homestead
3 exemption from ad valorem taxation for public school purposes to
4 \$45,000, correspondingly adjusting the limitation on the amount of
5 ad valorem taxes that may be imposed for public school purposes on
6 the homesteads of certain persons, and protecting school districts
7 against resulting loss in local revenue.

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

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

11 (b) An adult is entitled to exemption from taxation by a
12 school district of \$45,000 [~~\$15,000~~] of the appraised value of the
13 adult's residence homestead, except that \$40,000 [~~\$10,000~~] of the
14 exemption does not apply to an entity operating under former
15 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters
16 existed on May 1, 1995, as permitted by Section 11.301, Education
17 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 2006 [~~1997~~] tax
22 year, the amount of the limitation provided by this section is the
23 amount of tax the school district imposed for the 2005 [~~1996~~] tax
24 year less an amount equal to the amount determined by multiplying
25 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
26 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to
27 improvements made in 2005 [~~1996~~], other than improvements made to

1 comply with governmental regulations or repairs.

2 SECTION 3. Section 42.2511(a), Education Code, is amended
3 to read as follows:

4 (a) Notwithstanding any other provision of this chapter, a
5 school district is entitled to additional state aid to the extent
6 that state aid under this chapter based on the determination of the
7 school district's taxable value of property as provided under
8 Subchapter M, Chapter 403, Government Code, does not fully
9 compensate the district for ad valorem tax revenue lost due to:

10 (1) the increase in the homestead exemption under
11 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
12 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
13 proposed by H.J.R. No. 11, 79th Legislature, 1st Called Session,
14 2005; and

15 (2) the additional limitation on tax increases under
16 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
17 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
18 proposed by H.J.R. No. 11, 79th Legislature, 1st Called Session,
19 2005.

20 SECTION 4. Section 403.302(j), Government Code, is amended
21 to read as follows:

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

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

27 (2) a final value for each school district computed

1 on:

2 (A) a residence homestead exemption under
3 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

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

8 (3) a final value for each school district computed
9 on:

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

12 (B) the effect of the additional limitation on
13 tax increases under Section 1-b(d), Article VIII, Texas
14 Constitution, as proposed by H.J.R. No. 11, 79th Legislature, 1st
15 Called Session, 2005.

16 SECTION 5. This Act takes effect January 1, 2006, but only
17 if the constitutional amendment proposed by H.J.R. No. 11, 79th
18 Legislature, 1st Called Session, 2005, is approved by the voters.
19 If that amendment is not approved by the voters, this Act has no
20 effect.