

By: Berman

H.B. No. 115

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the limitation on the total amount of ad valorem taxes
3 that may be imposed by a school district on the residence homesteads
4 of the elderly or disabled.

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

6 SECTION 1. Section 11.26(a), Tax Code, is amended to read as
7 follows:

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

1 taxes imposed in that first year, a school district may not
2 subsequently increase the total annual amount of ad valorem taxes
3 it imposes on the residence homestead above the amount it imposed in
4 the year immediately following the first year for which the
5 individual qualified that residence homestead for the same
6 exemption, except as provided by Subsection (b). If the first tax
7 year the individual qualified the residence homestead for the
8 exemption provided by Section 11.13(c) for individuals 65 years of
9 age or older was a tax year before the 1997 tax year, the amount of
10 the limitation provided by this section is the amount of tax the
11 school district imposed for the 1996 tax year less an amount equal
12 to the amount determined by multiplying \$10,000 times the tax rate
13 of the school district for the 1997 tax year, plus any 1997 tax
14 attributable to improvements made in 1996, other than improvements
15 made to comply with governmental regulations or repairs. If an
16 individual receives the limitation provided by this section for the
17 individual's residence homestead and the individual or the
18 individual's spouse received the limitation in the preceding tax
19 year for that homestead and the tax rate of the school district for
20 the current tax year is less than the tax rate of the district for
21 the preceding tax year, the total amount of taxes that may be
22 imposed by the district on the homestead is equal to the amount of
23 tax the district imposed on the homestead for the preceding tax year
24 multiplied by a fraction the numerator of which is the tax rate of
25 the district for the current tax year and the denominator of which
26 is the tax rate of the district for the preceding tax year, plus any
27 tax for the current tax year attributable to improvements made in

1 the preceding tax year, other than improvements made to comply with
2 governmental regulations or repairs.

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

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

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

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

19 SECTION 3. Section 403.302(j), Government Code, is amended
20 to read as follows:

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

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

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

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

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

7 (3) a final value for each school district computed on
8 the effect of the additional limitation on tax increases under
9 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
10 the joint resolution to amend that section adopted by the 79th
11 Legislature, 1st Called Session, 2005.

12 SECTION 4. This Act takes effect January 1, 2006, but only
13 if the constitutional amendment proposed by the 79th Legislature,
14 1st Called Session, 2005, to reduce the total amount of ad valorem
15 taxes that may be imposed by a school district on the residence
16 homestead of an elderly or disabled person in proportion to any
17 reduction in the tax rate of the school district is approved by the
18 voters. If that amendment is not approved by the voters, this Act
19 has no effect.