

By: Hopson

H.B. No. 14

A BILL TO BE ENTITLED

AN ACT

1
2 relating to increasing the amount of the residence homestead
3 exemption from ad valorem taxation for public school purposes to
4 \$45,000, providing for an adjustment of the limitation on the total
5 amount of ad valorem taxes that may be imposed for those purposes on
6 the homesteads of the elderly or disabled to reflect the increased
7 exemption amount and changes in school district ad valorem tax
8 rates, and protecting school districts against the resulting loss
9 in local revenue.

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

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

13 (b) An adult is entitled to exemption from taxation by a
14 school district of \$45,000 [~~\$15,000~~] of the appraised value of the
15 adult's residence homestead, except that only \$5,000 [~~\$10,000~~] of
16 the exemption applies [~~does not apply~~] to an entity operating under
17 former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those
18 chapters existed on May 1, 1995, as permitted by Section 11.301,
19 Education Code.

20 SECTION 2. Section 11.26, Tax Code, is amended by amending
21 Subsection (a) and adding Subsection (a-1) to read as follows:

22 (a) The tax officials shall appraise the property to which
23 this section applies and calculate taxes as on other property, but
24 if the tax so calculated exceeds the limitation imposed by this

1 section, the tax imposed is the amount of the tax as limited by this
2 section, except as otherwise provided by this section. A school
3 district may not increase the total annual amount of ad valorem tax
4 it imposes on the residence homestead of an individual 65 years of
5 age or older or on the residence homestead of an individual who is
6 disabled, as defined by Section 11.13, above the amount of the tax
7 it imposed in the first tax year in which the individual qualified
8 that residence homestead for the applicable exemption provided by
9 Section 11.13(c) for an individual who is 65 years of age or older
10 or is disabled. If the individual qualified that residence
11 homestead for the exemption after the beginning of that first year
12 and the residence homestead remains eligible for the same exemption
13 for the next year, and if the school district taxes imposed on the
14 residence homestead in the next year are less than the amount of
15 taxes imposed in that first year, a school district may not
16 subsequently increase the total annual amount of ad valorem taxes
17 it imposes on the residence homestead above the amount it imposed in
18 the year immediately following the first year for which the
19 individual qualified that residence homestead for the same
20 exemption, except as provided by Subsection (b). If the first tax
21 year the individual qualified the residence homestead for the
22 exemption provided by Section 11.13(c) for individuals 65 years of
23 age or older or disabled was a tax year before the 2006 [~~1997~~] tax
24 year, the amount of the limitation provided by this section is the
25 amount of tax the school district imposed for the 2005 [~~1996~~] tax
26 year less an amount equal to the amount determined by multiplying
27 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the

1 2006 [~~1997~~] tax year, plus any 2006 [~~1997~~] tax attributable to
2 improvements made in 2005 [~~1996~~], other than improvements made to
3 comply with governmental regulations or repairs. If an individual
4 receives the limitation provided by this section for the
5 individual's residence homestead and the individual or the
6 individual's spouse received the limitation in the preceding tax
7 year for that homestead and the tax rate of the school district for
8 the current tax year is higher or lower than the tax rate of the
9 district for the preceding tax year, the total amount of taxes that
10 may be imposed by the district on the homestead is equal to the
11 amount of tax the district imposed on the homestead for the
12 preceding tax year multiplied by a fraction the numerator of which
13 is the tax rate of the district for the current tax year and the
14 denominator of which is the tax rate of the district for the
15 preceding tax year, plus any tax for the current tax year
16 attributable to improvements made in the preceding tax year, other
17 than improvements made to comply with governmental regulations or
18 repairs, except that the total amount of taxes that may be imposed
19 may not exceed the amount of taxes imposed by the district for the
20 later of the 2005 tax year or the tax year in which the limitation
21 took effect, as that limitation may have been increased in
22 subsequent tax years or may be increased for the current tax year
23 because of improvements as authorized by this section.

24 (a-1) Notwithstanding Subsection (a), if the first tax year
25 the individual qualified the residence homestead for the exemption
26 provided by Section 11.13(c) for individuals 65 years of age or
27 older or disabled was a tax year before the 2006 tax year and the tax

1 rate of the school district for the 2006 tax year is higher or lower
2 than the tax rate of the district for the 2005 tax year, the amount
3 of the limitation provided by this section for the 2006 tax year is
4 the amount of tax the school district imposed for the 2005 tax year,
5 increased or reduced, as applicable, in proportion to the increase
6 or reduction in the tax rate as provided by Subsection (a), less an
7 amount equal to the amount determined by multiplying \$30,000 times
8 the tax rate of the school district for the 2006 tax year, plus any
9 2006 tax attributable to improvements made in 2005, other than
10 improvements made to comply with governmental regulations or
11 repairs. That limitation continues to apply to the property in
12 subsequent tax years, subject to the other provisions of this
13 section.

14 SECTION 3. Subchapter H, Chapter 42, Education Code, as
15 added by _____ Bill No. __, Acts of the 79th Legislature, ____
16 Called Session, 2005, is amended by adding Section 42.3053 to read
17 as follows:

18 Sec. 42.3053. ADDITIONAL STATE AID FOR RESIDENCE HOMESTEAD
19 EXEMPTION AND TAX FREEZE. (a) Notwithstanding any other provision
20 of this chapter, a school district is entitled to additional state
21 aid to the extent that state aid under this chapter based on the
22 determination of the school district's taxable value of property as
23 provided under Subchapter M, Chapter 403, Government Code, does not
24 fully compensate the district for ad valorem tax revenue lost due
25 to:

26 (1) the increase in the amount of the residence
27 homestead exemption from ad valorem taxation for general elementary

1 and secondary public school purposes under Section 1-b(c), Article
2 VIII, Texas Constitution, and the corresponding adjustment of the
3 limitation on the amount of ad valorem taxes that may be imposed for
4 those purposes on the homesteads of the elderly or disabled under
5 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
6 ___J.R. No. ___, 79th Legislature, ___ Called Session, 2005; and

7 (2) the adjustment of the limitation on the total
8 amount of ad valorem taxes imposed for general elementary and
9 secondary public school purposes on residence homesteads of the
10 elderly or disabled in proportion to any increase or decrease in the
11 tax rate for those purposes under Section 1-b(d), Article VIII,
12 Texas Constitution, as proposed by ___J.R. No. ___, 79th
13 Legislature, ___ Called Session, 2005.

14 (b) The commissioner, using information provided by the
15 comptroller, shall compute the amount of any additional state aid
16 to which a district is entitled under this section. A determination
17 by the commissioner under this section is final and may not be
18 appealed.

19 (c) This section expires September 1, 2007.

20 SECTION 4. Section 403.302, Government Code, is amended by
21 amending Subsection (j) and adding Subsection (j-1) to read as
22 follows:

23 (j) For purposes of Section 42.3053 [~~42.2511~~], Education
24 Code, the comptroller shall certify to the commissioner of
25 education:

26 (1) a final value for each school district computed on
27 a residence homestead exemption under Section 1-b(c), Article VIII,

1 Texas Constitution, of \$15,000 [~~\$5,000~~]; and

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

4 (A) a residence homestead exemption from ad
5 valorem taxation for general elementary and secondary public school
6 purposes under Section 1-b(c), Article VIII, Texas Constitution, of
7 \$45,000, and the corresponding adjustment of the limitation on the
8 amount of ad valorem taxes that may be imposed for those purposes on
9 the homesteads of the elderly or disabled under Section 1-b(d),
10 Article VIII, Texas Constitution, as proposed by __.J.R. No. __,
11 79th Legislature, ___ Called Session, 2005 [~~\$15,000~~]; and

12 (B) the effect of the adjustment of the
13 [~~additional~~] limitation on the total amount of ad valorem taxes
14 imposed for general elementary and secondary public school purposes
15 on residence homesteads of the elderly or disabled in proportion to
16 any increase or decrease in the tax rate for those purposes [~~tax~~
17 ~~increases~~] under Section 1-b(d), Article VIII, Texas Constitution,
18 as proposed by __.J.R. No. __, 79th Legislature, ___ Called
19 Session, 2005.

20 (j-1) To the extent of a conflict between Subsection (j) and
21 a provision added by _____ Bill No. __, Acts of the 79th
22 Legislature, ___ Called Session, 2005, Subsection (j) prevails,
23 regardless of the relative dates of enactment.

24 SECTION 5. This Act takes effect January 1, 2006, and
25 applies only to an ad valorem tax year that begins on or after that
26 date, but only if the constitutional amendment proposed by __.J.R.
27 No. __, 79th Legislature, ___ Called Session, 2005, is approved by

1 the voters. If that constitutional amendment is not approved by the
2 voters, this Act has no effect.