

By: Edwards

H.B. No. 42

A BILL TO BE ENTITLED

1 AN ACT

2 relating to providing an exemption from ad valorem taxation of the
3 full value of the residence homesteads of individuals 65 years of
4 age or older.

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

6 SECTION 1. Section 11.13, Tax Code, is amended by amending
7 Subsections (c), (d), (h), and (i) and adding Subsection (d-1) to
8 read as follows:

9 (c) In addition to the exemption provided by Subsection (b)
10 ~~[of this section]~~, an adult who is disabled ~~[or is 65 or older]~~ is
11 entitled to an exemption from taxation by a school district of
12 \$10,000 of the appraised value of the person's ~~[his]~~ residence
13 homestead.

14 (d) In addition to the exemptions provided by Subsections
15 (b) and (c) ~~[of this section]~~, an individual who is disabled ~~[or is~~
16 ~~65 or older]~~ is entitled to an exemption from taxation by a taxing
17 unit of a portion (the amount of which is fixed as provided by
18 Subsection (e) ~~[of this section]~~) of the appraised value of the
19 individual's ~~[his]~~ residence homestead if the exemption is adopted
20 either:

21 (1) by the governing body of the taxing unit; or

22 (2) by a favorable vote of a majority of the qualified
23 voters of the taxing unit at an election called by the governing
24 body of a taxing unit, and the governing body shall call the

1 election on the petition of at least 20 percent of the number of
2 qualified voters who voted in the preceding election of the taxing
3 unit.

4 (d-1) An individual who is 65 or older is entitled to an
5 exemption from taxation of the entire appraised value of the
6 individual's residence homestead. If an individual 65 or older
7 dies in a year in which the individual received the exemption, a
8 taxing unit may not increase the total annual amount of ad valorem
9 tax it imposes on the residence homestead above the amount of tax it
10 imposed in the first tax year after the year in which the individual
11 died while it remains the residence homestead of that individual's
12 surviving spouse if the spouse is 55 or older at the time of the
13 individual's death. If the surviving spouse makes improvements to
14 the residence homestead, other than improvements required to comply
15 with governmental requirements or repairs, the taxing unit may
16 increase the tax on the homestead in the first year the value of the
17 homestead is increased on the appraisal roll because of the
18 enhancement of value by the improvements. The amount of the tax
19 increase is determined by applying the current tax rate to the
20 difference in the assessed value of the homestead with the
21 improvements and the assessed value it would have had without the
22 improvements. A limitation imposed by this subsection then applies
23 to the increased amount of tax until more improvements, if any, are
24 made.

25 (h) Joint, community, or successive owners may not each
26 receive the same exemption provided by or pursuant to this section
27 for the same residence homestead in the same year. [~~An eligible~~

1 ~~disabled person who is 65 or older may not receive both a disabled~~
2 ~~and an elderly residence homestead exemption but may choose~~
3 ~~either.]~~ A person may not receive an exemption under this section
4 for more than one residence homestead in the same year.

5 (i) The assessor and collector for a taxing unit may
6 disregard the exemptions authorized by Subsection (b), (c), (d),
7 (d-1), or (n) [~~of this section~~] and assess and collect a tax pledged
8 for payment of debt without deducting the amount of the exemption
9 if:

10 (1) prior to adoption of the exemption, the unit
11 pledged the taxes for the payment of a debt; and

12 (2) granting the exemption would impair the obligation
13 of the contract creating the debt.

14 SECTION 2. The heading to Section 11.26, Tax Code, is
15 amended to read as follows:

16 Sec. 11.26. LIMITATION OF SCHOOL TAX ON HOMESTEADS OF
17 [~~ELDERLY OR~~] DISABLED.

18 SECTION 3. Sections 11.26(a), (d), (g), and (h), Tax Code,
19 are amended to read as 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
25 district may not increase the total annual amount of ad valorem tax
26 it imposes on the residence homestead of an individual [~~65 years of~~
27 ~~age or older or on the residence homestead of an individual~~] who is

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

25 (d) If the appraisal roll provides for taxation of appraised
26 value for a prior year because a residence homestead exemption for
27 ~~[individuals 65 years of age or older or for]~~ disabled individuals

1 was erroneously allowed, the tax assessor shall add, as back taxes
2 due as provided by Section 26.09(d), the positive difference if any
3 between the tax that should have been imposed for that year and the
4 tax that was imposed because of the provisions of this section.

5 (g) Except as provided by Subsection (b), if an individual
6 who receives a limitation on tax increases imposed by this
7 section~~[, including a surviving spouse who receives a limitation~~
8 ~~under Subsection (i),]~~ subsequently qualifies a different
9 residence homestead for the same exemption under Section 11.13, a
10 school district may not impose ad valorem taxes on the subsequently
11 qualified homestead in a year in an amount that exceeds the amount
12 of taxes the school district would have imposed on the subsequently
13 qualified homestead in the first year in which the individual
14 receives that same exemption for the subsequently qualified
15 homestead had the limitation on tax increases imposed by this
16 section not been in effect, multiplied by a fraction the numerator
17 of which is the total amount of school district taxes imposed on the
18 former homestead in the last year in which the individual received
19 that same exemption for the former homestead and the denominator of
20 which is the total amount of school district taxes that would have
21 been imposed on the former homestead in the last year in which the
22 individual received that same exemption for the former homestead
23 had the limitation on tax increases imposed by this section not been
24 in effect.

25 (h) An individual who receives a limitation on tax increases
26 under this section~~[, including a surviving spouse who receives a~~
27 ~~limitation under Subsection (i),]~~ and who subsequently qualifies a

1 different residence homestead for an exemption under Section 11.13,
2 or an agent of the individual, is entitled to receive from the chief
3 appraiser of the appraisal district in which the former homestead
4 was located a written certificate providing the information
5 necessary to determine whether the individual may qualify for that
6 same limitation on the subsequently qualified homestead under
7 Subsection (g) and to calculate the amount of taxes the school
8 district may impose on the subsequently qualified homestead.

9 SECTION 4. The heading to Section 11.261, Tax Code, is
10 amended to read as follows:

11 Sec. 11.261. LIMITATION OF COUNTY, MUNICIPAL, OR JUNIOR
12 COLLEGE DISTRICT TAX ON HOMESTEADS OF DISABLED [~~AND ELDERLY~~].

13 SECTION 5. Sections 11.261(a), (b), (d), and (e), Tax Code,
14 are amended to read as follows:

15 (a) This section applies only to a county, municipality, or
16 junior college district that has established a limitation on the
17 total amount of taxes that may be imposed by the county,
18 municipality, or junior college district on the residence homestead
19 of a disabled individual [~~or an individual 65 years of age or older~~]
20 under Section 1-b(h), Article VIII, Texas Constitution.

21 (b) The tax officials shall appraise the property to which
22 the limitation applies and calculate taxes as on other property,
23 but if the tax so calculated exceeds the limitation provided by this
24 section, the tax imposed is the amount of the tax as limited by this
25 section, except as otherwise provided by this section. The county,
26 municipality, or junior college district may not increase the total
27 annual amount of ad valorem taxes the county, municipality, or

1 junior college district imposes on the residence homestead of a
2 disabled individual [~~or an individual 65 years of age or older~~]
3 above the amount of the taxes the county, municipality, or junior
4 college district imposed on the residence homestead in the first
5 tax year, other than a tax year preceding the tax year in which the
6 county, municipality, or junior college district established the
7 limitation described by Subsection (a), in which the individual
8 qualified that residence homestead for the exemption provided by
9 Section 11.13(c) for a disabled individual [~~or an individual 65~~
10 ~~years of age or older~~]. 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 exemption for
13 the next year, and if the county, municipal, or junior college
14 district taxes imposed on the residence homestead in the next year
15 are less than the amount of taxes imposed in that first year, a
16 county, municipality, or junior college district may not
17 subsequently increase the total annual amount of ad valorem taxes
18 it imposes on the residence homestead above the amount it imposed on
19 the residence homestead in the year immediately following the first
20 year, other than a tax year preceding the tax year in which the
21 county, municipality, or junior college district established the
22 limitation described by Subsection (a), for which the individual
23 qualified that residence homestead for the exemption.

24 (d) A limitation on county, municipal, or junior college
25 district tax increases provided by this section expires if on
26 January 1:

27 (1) none of the owners of the structure who qualify for

1 the exemption provided by Section 11.13(c) for a disabled
2 individual [~~or an individual 65 years of age or older~~] and who owned
3 the structure when the limitation provided by this section first
4 took effect is using the structure as a residence homestead; or

5 (2) none of the owners of the structure qualifies for
6 the exemption provided by Section 11.13(c) for a disabled
7 individual [~~or an individual 65 years of age or older~~].

8 (e) If the appraisal roll provides for taxation of appraised
9 value for a prior year because a residence homestead exemption for
10 disabled individuals [~~or individuals 65 years of age or older~~] was
11 erroneously allowed, the tax assessor for the applicable county,
12 municipality, or junior college district shall add, as back taxes
13 due as provided by Section 26.09(d), the positive difference, if
14 any, between the tax that should have been imposed for that year and
15 the tax that was imposed because of the provisions of this section.

16 SECTION 6. Section 11.42(c), Tax Code, is amended to read as
17 follows:

18 (c) An exemption authorized by Section 11.13(c), [~~or~~] (d),
19 or (d-1) is effective as of January 1 of the tax year in which the
20 person qualifies for the exemption and applies to the entire tax
21 year.

22 SECTION 7. Section 11.43(k), Tax Code, is amended to read as
23 follows:

24 (k) A person who qualifies for an exemption authorized by
25 Section 11.13(c), [~~or~~] (d), , or (d-1) must apply for the exemption no
26 later than the first anniversary of the date the person qualified
27 for the exemption.

1 SECTION 8. Sections 11.43(1) and (m), Tax Code, as added by
2 House Bill No. 2491, Acts of the 79th Legislature, Regular Session,
3 2005, are amended to read as follows:

4 (1) The form for an application under Section 11.13 must
5 include a space for the applicant to state the applicant's date of
6 birth. Failure to provide the date of birth does not affect the
7 applicant's eligibility for an exemption under that section, other
8 than an exemption under Section 11.13(d-1) [~~11.13(c) or (d)~~] for an
9 individual 65 years of age or older.

10 (m) Notwithstanding Subsections (a) and (k), a person who
11 receives an exemption under Section 11.13, other than an exemption
12 under Section 11.13(d-1) [~~11.13(c) or (d)~~] for an individual 65
13 years of age or older, in a tax year is entitled to receive an
14 exemption under Section 11.13(d-1) [~~11.13(c) or (d)~~] for an
15 individual 65 years of age or older in the next tax year on the same
16 property without applying for the exemption if the person becomes
17 65 years of age in that next year as shown by information in the
18 records of the appraisal district that was provided to the
19 appraisal district by the individual in an application for an
20 exemption under Section 11.13 on the property or in correspondence
21 relating to the property. This subsection does not apply if the
22 chief appraiser determines that the individual is no longer
23 entitled to any exemption under Section 11.13 on the property.

24 SECTION 9. Section 25.19(c), Tax Code, as amended by Senate
25 Bill No. 1652, Acts of the 79th Legislature, Regular Session, 2005,
26 is amended to read as follows:

27 (c) In the case of the residence homestead of a person [~~65~~

1 ~~years of age or older or disabled]~~ that is subject to the limitation
2 on a tax increase over the preceding year under Section 11.13(d-1),
3 11.26, or 11.261 [~~for school tax purposes~~], the chief appraiser
4 shall indicate on the notice that the preceding year's taxes may not
5 be increased.

6 SECTION 10. Sections 26.012(6), (13), and (14), Tax Code,
7 are amended to read as follows:

8 (6) "Current total value" means the total taxable
9 value of property listed on the appraisal roll for the current year,
10 including all appraisal roll supplements and corrections as of the
11 date of the calculation, less the taxable value of property
12 exempted for the current tax year for the first time under Section
13 11.31, except that:

14 (A) the current total value for a school district
15 excludes:

16 (i) the total value of homesteads that
17 qualify for a tax limitation as provided by Section 11.26; and

18 (ii) new property value of property that is
19 subject to an agreement entered into under Chapter 313; [~~and~~]

20 (B) the current total value for a county,
21 municipality, or junior college district excludes the total value
22 of homesteads that qualify for a tax limitation as provided by
23 Section 11.261; and

24 (C) the current total value for a taxing unit
25 excludes the total value of homesteads that qualify for a tax
26 limitation as provided by Section 11.13(d-1).

27 (13) "Last year's levy" means the total of:

1 (A) the amount of taxes that would be generated
2 by multiplying the total tax rate adopted by the governing body in
3 the preceding year by the total taxable value of property on the
4 appraisal roll for the preceding year, including:

5 (i) taxable value that was reduced in an
6 appeal under Chapter 42; and

7 (ii) all appraisal roll supplements and
8 corrections other than corrections made pursuant to Section
9 25.25(d), as of the date of the calculation, except that last year's
10 taxable value for a school district excludes the total value of
11 homesteads that qualified for a tax limitation as provided by
12 Section 11.26, ~~and~~ last year's taxable value for a county,
13 municipality, or junior college district excludes the total value
14 of homesteads that qualified for a tax limitation as provided by
15 Section 11.261, and last year's taxable value for a taxing unit
16 excludes the total taxable value of homesteads that qualified for a
17 tax limitation as provided by Section 11.13(d-1); and

18 (B) the amount of taxes refunded by the taxing
19 unit in the preceding year for tax years before that year.

20 (14) "Last year's total value" means the total taxable
21 value of property listed on the appraisal roll for the preceding
22 year, including all appraisal roll supplements and corrections,
23 other than corrections made pursuant to Section 25.25(d), as of the
24 date of the calculation, except that:

25 (A) last year's taxable value for a school
26 district excludes the total value of homesteads that qualified for
27 a tax limitation as provided by Section 11.26; ~~and~~

1 (B) last year's taxable value for a county,
2 municipality, or junior college district excludes the total value
3 of homesteads that qualified for a tax limitation as provided by
4 Section 11.261; and

5 (C) last year's taxable value for a taxing unit
6 excludes the total value of homesteads that qualified for a tax
7 limitation as provided by Section 11.13(d-1).

8 SECTION 11. Section 26.10(b), Tax Code, is amended to read
9 as follows:

10 (b) If the appraisal roll shows that a residence homestead
11 exemption [~~for an individual 65 years of age or older or a residence~~
12 ~~homestead exemption~~] for a disabled individual applicable to a
13 property on January 1 of a year terminated during the year and if
14 the owner qualifies a different property for a one of these
15 residence homestead exemption for a disabled individual
16 [~~exemptions~~] during the same year, the tax due against the former
17 residence homestead is calculated by:

18 (1) subtracting:

19 (A) the amount of the taxes that otherwise would
20 be imposed on the former residence homestead for the entire year had
21 the individual qualified for the residence homestead exemption for
22 the entire year; from

23 (B) the amount of the taxes that otherwise would
24 be imposed on the former residence homestead for the entire year had
25 the individual not qualified for the residence homestead exemption
26 during the year;

27 (2) multiplying the remainder determined under

1 Subdivision (1) by a fraction, the denominator of which is 365 and
2 the numerator of which is the number of days that elapsed after the
3 date the exemption terminated; and

4 (3) adding the product determined under Subdivision
5 (2) and the amount described by Subdivision (1)(A).

6 SECTION 12. The heading to Section 26.112, Tax Code, is
7 amended to read as follows:

8 Sec. 26.112. CALCULATION OF TAXES ON RESIDENCE HOMESTEAD OF
9 ~~[ELDERLY OR]~~ DISABLED PERSON.

10 SECTION 13. Section 31.031(a), Tax Code, is amended to read
11 as follows:

12 (a) If before the delinquency date an individual who is
13 disabled ~~[or at least 65 years of age]~~ and is qualified for an
14 exemption under Section 11.13(c) pays at least one-fourth of a
15 taxing unit's taxes imposed on property that the person owns and
16 occupies as a residence homestead, accompanied by notice to the
17 taxing unit that the person will pay the remaining taxes in
18 installments, the person may pay the remaining taxes without
19 penalty or interest in three equal installments. The first
20 installment must be paid before April 1, the second installment
21 before June 1, and the third installment before August 1.

22 SECTION 14. Section 33.01(d), Tax Code, is amended to read
23 as follows:

24 (d) In lieu of the penalty imposed under Subsection (a), a
25 delinquent tax incurs a penalty of 50 percent of the amount of the
26 tax without regard to the number of months the tax has been
27 delinquent if the tax is delinquent because the property owner

1 received an exemption under:

2 (1) Section 11.13 and the chief appraiser subsequently
3 cancels the exemption because the residence was not the principal
4 residence of the property owner and the property owner received an
5 exemption for two or more additional residence homesteads for the
6 tax year in which the tax was imposed; or

7 (2) Section 11.13(d-1) [~~11.13(c) or (d)~~] for a person
8 who is 65 years of age or older and the chief appraiser subsequently
9 cancels the exemption because the property owner was younger than
10 65 years of age [~~;~~ ~~or~~

11 [~~(3) Section 11.13(g) and the chief appraiser~~
12 ~~subsequently cancels the exemption because the property owner was~~
13 ~~younger than 55 years of age when the property owner's spouse died~~].

14 SECTION 15. The heading to Section 33.06, Tax Code, is
15 amended to read as follows:

16 Sec. 33.06. DEFERRED COLLECTION OF TAXES ON RESIDENCE
17 HOMESTEAD OF [~~ELDERLY OR~~] DISABLED PERSON.

18 SECTION 16. Section 33.06(a), Tax Code, is amended to read
19 as follows:

20 (a) An individual is entitled to defer collection of a tax,
21 abate a suit to collect a delinquent tax, or abate a sale to
22 foreclose a tax lien if the individual:

23 (1) is [~~65 years of age or older or is~~] disabled as
24 defined by Section 11.13(m); and

25 (2) the tax was imposed against property that the
26 individual owns and occupies as a residence homestead.

27 SECTION 17. Section 42.302(c), Education Code, is amended

1 to read as follows:

2 (c) For purposes of this section, school district taxes for
3 which credit is granted under Section [~~31.035~~] 31.036[~~7~~] or
4 31.037, Tax Code, are considered taxes collected by the school
5 district as if the taxes were paid when the credit for the taxes was
6 granted.

7 SECTION 18. Section 44.004(c), Education Code, as amended
8 by Senate Bill No. 567, Acts of the 79th Legislature, Regular
9 Session, 2005, is amended to read as follows:

10 (c) The notice of public meeting to discuss and adopt the
11 budget and the proposed tax rate may not be smaller than one-quarter
12 page of a standard-size or a tabloid-size newspaper, and the
13 headline on the notice must be in 18-point or larger type. Subject
14 to Subsection (d), the notice must:

15 (1) contain a statement in the following form:

16 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
17 "The (name of school district) will hold a public meeting at
18 (time, date, year) in (name of room, building, physical location,
19 city, state). The purpose of this meeting is to discuss the school
20 district's budget that will determine the tax rate that will be
21 adopted. Public participation in the discussion is invited." The
22 statement of the purpose of the meeting must be in bold type. In
23 reduced type, the notice must state: "The tax rate that is
24 ultimately adopted at this meeting or at a separate meeting at a
25 later date may not exceed the proposed rate shown below unless the
26 district publishes a revised notice containing the same information
27 and comparisons set out below and holds another public meeting to

1 discuss the revised notice.";

2 (2) contain a section entitled "Comparison of Proposed
3 Budget with Last Year's Budget," which must show the difference,
4 expressed as a percent increase or decrease, as applicable, in the
5 amounts budgeted for the preceding fiscal year and the amount
6 budgeted for the fiscal year that begins in the current tax year for
7 each of the following:

8 (A) maintenance and operations;

9 (B) debt service; and

10 (C) total expenditures;

11 (3) contain a section entitled "Total Appraised Value
12 and Total Taxable Value," which must show the total appraised value
13 and the total taxable value of all property and the total appraised
14 value and the total taxable value of new property taxable by the
15 district in the preceding tax year and the current tax year as
16 calculated under Section 26.04, Tax Code;

17 (4) contain a statement of the total amount of the
18 outstanding and unpaid bonded indebtedness of the school district;

19 (5) contain a section entitled "Comparison of Proposed
20 Rates with Last Year's Rates," which must:

21 (A) show in rows the tax rates described by
22 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
23 property, for columns entitled "Maintenance & Operations,"
24 "Interest & Sinking Fund," and "Total," which is the sum of
25 "Maintenance & Operations" and "Interest & Sinking Fund":

26 (i) the school district's "Last Year's
27 Rate";

1 (ii) the "Rate to Maintain Same Level of
2 Maintenance & Operations Revenue & Pay Debt Service," which:

3 (a) in the case of "Maintenance &
4 Operations," is the tax rate that, when applied to the current
5 taxable value for the district, as certified by the chief appraiser
6 under Section 26.01, Tax Code, and as adjusted to reflect changes
7 made by the chief appraiser as of the time the notice is prepared,
8 would impose taxes in an amount that, when added to state funds to
9 be distributed to the district under Chapter 42, would provide the
10 same amount of maintenance and operations taxes and state funds
11 distributed under Chapter 42 per student in average daily
12 attendance for the applicable school year that was available to the
13 district in the preceding school year; and

14 (b) in the case of "Interest & Sinking
15 Fund," is the tax rate that, when applied to the current taxable
16 value for the district, as certified by the chief appraiser under
17 Section 26.01, Tax Code, and as adjusted to reflect changes made by
18 the chief appraiser as of the time the notice is prepared, and when
19 multiplied by the district's anticipated collection rate, would
20 impose taxes in an amount that, when added to state funds to be
21 distributed to the district under Chapter 46 and any excess taxes
22 collected to service the district's debt during the preceding tax
23 year but not used for that purpose during that year, would provide
24 the amount required to service the district's debt; and

25 (iii) the "Proposed Rate";

26 (B) contain fourth and fifth columns aligned with
27 the columns required by Paragraph (A) that show, for each row

1 required by Paragraph (A):

2 (i) the "Local Revenue per Student," which
3 is computed by multiplying the district's total taxable value of
4 property, as certified by the chief appraiser for the applicable
5 school year under Section 26.01, Tax Code, and as adjusted to
6 reflect changes made by the chief appraiser as of the time the
7 notice is prepared, by the total tax rate, and dividing the product
8 by the number of students in average daily attendance in the
9 district for the applicable school year; and

10 (ii) the "State Revenue per Student," which
11 is computed by determining the amount of state aid received or to be
12 received by the district under Chapters 42, 43, and 46 and dividing
13 that amount by the number of students in average daily attendance in
14 the district for the applicable school year; and

15 (C) contain an asterisk after each calculation
16 for "Interest & Sinking Fund" and a footnote to the section that, in
17 reduced type, states "The Interest & Sinking Fund tax revenue is
18 used to pay for bonded indebtedness on construction, equipment, or
19 both. The bonds, and the tax rate necessary to pay those bonds,
20 were approved by the voters of this district.";

21 (6) contain a section entitled "Comparison of
22 Proposed Levy with Last Year's Levy on Average Residence," which
23 must:

24 (A) show in rows the information described by
25 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
26 entitled "Last Year" and "This Year":

27 (i) "Average Market Value of Residences,"

1 determined using the same group of residences for each year;

2 (ii) "Average Taxable Value of Residences,"
3 determined after taking into account the limitation on the
4 appraised value of residences under Section 23.23, Tax Code, and
5 after subtracting all homestead exemptions applicable in each year,
6 other than exemptions available only to disabled persons or persons
7 65 years of age or older or their surviving spouses, and using the
8 same group of residences for each year;

9 (iii) "Last Year's Rate Versus Proposed
10 Rate per \$100 Value"; and

11 (iv) "Taxes Due on Average Residence,"
12 determined using the same group of residences for each year; and

13 (B) contain the following information:
14 "Increase (Decrease) in Taxes" expressed in dollars and cents,
15 which is computed by subtracting the "Taxes Due on Average
16 Residence" for the preceding tax year from the "Taxes Due on Average
17 Residence" for the current tax year;

18 (7) contain the following statement in bold print:
19 "Under state law, the dollar amount of school taxes imposed on the
20 residence of a disabled person who receives a homestead exemption
21 because the person is disabled may not be increased above the amount
22 paid in the first year in which the person received the exemption,
23 and the dollar amount of school taxes imposed on the residence [~~65~~
24 ~~years of age or older or~~] of the surviving spouse of [~~such~~ a person
25 65 years of age or older, if the surviving spouse was 55 years of age
26 or older when the person died, may not be increased above the amount
27 paid in the first year after the death of the person [~~turned 65~~],

1 regardless of changes in tax rate or property value.";

2 (8) contain the following statement in bold print:

3 "Notice of Rollback Rate: The highest tax rate the district can
4 adopt before requiring voter approval at an election is (the school
5 district rollback rate determined under Section 26.08, Tax Code).
6 This election will be automatically held if the district adopts a
7 rate in excess of the rollback rate of (the school district rollback
8 rate)."; and

9 (9) contain a section entitled "Fund Balances," which
10 must include the estimated amount of interest and sinking fund
11 balances and the estimated amount of maintenance and operation or
12 general fund balances remaining at the end of the current fiscal
13 year that are not encumbered with or by corresponding debt
14 obligation, less estimated funds necessary for the operation of the
15 district before the receipt of the first payment under Chapter 42 in
16 the succeeding school year.

17 SECTION 19. Section 403.302(d), Government Code, is amended
18 to read as follows:

19 (d) For the purposes of this section, "taxable value" means
20 the market value of all taxable property less:

21 (1) the total dollar amount of any residence homestead
22 exemptions lawfully granted under Section 11.13(b), ~~[or]~~ (c), or
23 (d-1), Tax Code, in the year that is the subject of the study for
24 each school district;

25 (2) one-half of the total dollar amount of any
26 residence homestead exemptions granted under Section 11.13(n), Tax
27 Code, in the year that is the subject of the study for each school

1 district;

2 (3) the total dollar amount of any exemptions granted
3 before May 31, 1993, within a reinvestment zone under agreements
4 authorized by Chapter 312, Tax Code;

5 (4) subject to Subsection (e), the total dollar amount
6 of any captured appraised value of property that:

7 (A) is within a reinvestment zone created on or
8 before May 31, 1999, or is proposed to be included within the
9 boundaries of a reinvestment zone as the boundaries of the zone and
10 the proposed portion of tax increment paid into the tax increment
11 fund by a school district are described in a written notification
12 provided by the municipality or the board of directors of the zone
13 to the governing bodies of the other taxing units in the manner
14 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
15 within the boundaries of the zone as those boundaries existed on
16 September 1, 1999, including subsequent improvements to the
17 property regardless of when made;

18 (B) generates taxes paid into a tax increment
19 fund created under Chapter 311, Tax Code, under a reinvestment zone
20 financing plan approved under Section 311.011(d), Tax Code, on or
21 before September 1, 1999; and

22 (C) is eligible for tax increment financing under
23 Chapter 311, Tax Code;

24 (5) the total dollar amount of any exemptions granted
25 under Section 11.251, Tax Code;

26 (6) the difference between the comptroller's estimate
27 of the market value and the productivity value of land that

1 qualifies for appraisal on the basis of its productive capacity,
2 except that the productivity value estimated by the comptroller may
3 not exceed the fair market value of the land;

4 (7) the portion of the appraised value of residence
5 homesteads of individuals who receive a tax limitation under
6 Section 11.13(d-1) or 11.26, Tax Code, on which school district
7 taxes are not imposed in the year that is the subject of the study,
8 calculated as if the residence homesteads were appraised at the
9 full value required by law;

10 (8) a portion of the market value of property not
11 otherwise fully taxable by the district at market value because of:

12 (A) action required by statute or the
13 constitution of this state that, if the tax rate adopted by the
14 district is applied to it, produces an amount equal to the
15 difference between the tax that the district would have imposed on
16 the property if the property were fully taxable at market value and
17 the tax that the district is actually authorized to impose on the
18 property, if this subsection does not otherwise require that
19 portion to be deducted; or

20 (B) action taken by the district under Subchapter
21 B or C, Chapter 313, Tax Code;

22 (9) the market value of all tangible personal
23 property, other than manufactured homes, owned by a family or
24 individual and not held or used for the production of income;

25 (10) the appraised value of property the collection of
26 delinquent taxes on which is deferred under Section 33.06, Tax
27 Code;

1 (11) the portion of the appraised value of property
2 the collection of delinquent taxes on which is deferred under
3 Section 33.065, Tax Code; and

4 (12) the amount by which the market value of a
5 residence homestead to which Section 23.23, Tax Code, applies
6 exceeds the appraised value of that property as calculated under
7 that section.

8 SECTION 20. The following laws are repealed:

9 (1) Sections 11.13(q) and (r), Tax Code;

10 (2) Sections 11.26(i), (j), and (k), Tax Code;

11 (3) Sections 11.261(j) and (k), Tax Code; and

12 (4) Section 31.035, Tax Code.

13 SECTION 21. The exemption from ad valorem taxation of a
14 residence homestead authorized by Section 11.13(d-1), Tax Code, as
15 added by this Act, applies only to taxes imposed beginning with the
16 2006 tax year.

17 SECTION 22. This Act takes effect January 1, 2006, but only
18 if the constitutional amendment proposed by the 79th Legislature,
19 1st Called Session, 2005, authorizing the legislature to exempt
20 from ad valorem taxation the full value of the residence homesteads
21 of persons 65 years of age or older is approved by the voters. If
22 that amendment is not approved by the voters, this Act has no
23 effect.