

By: Wentworth

S.B. No. 31

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 \$22,500, 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 \$22,500 [~~\$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 \$7,500 [~~\$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 \$7,500 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 reduction 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 \$22,500, and the corresponding reduction 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.