

By: Berman, Chisum, McReynolds, Flynn,  
Uresti, et al.

H.B. No. 72

Substitute the following for H.B. No. 72:

By: Smithee

C.S.H.B. No. 72

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to providing for an adjustment of the limitation on the  
3 total amount of ad valorem taxes that may be imposed by a school  
4 district on the residence homesteads of the elderly or disabled to  
5 reflect any change in the school district's tax rate and protecting  
6 a school district against the resulting loss in local revenue.

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

8 SECTION 1. Section 11.26, Tax Code, is amended by adding  
9 Subsections (a-1) and (a-2) to read as follows:

10 (a-1) Notwithstanding the other provisions of this section  
11 and except as provided by Subsection (a-2), if in the current tax  
12 year an individual qualifies for a limitation on tax increases  
13 provided by this section on the individual's residence homestead  
14 and the individual or the individual's spouse qualified for an  
15 exemption under Section 11.13(c) for the same homestead in the  
16 preceding tax year, the amount of the limitation provided by this  
17 section in the current tax year is equal to the lesser of:

18 (1) the amount of tax the school district imposed on  
19 the homestead in the preceding tax year multiplied by a fraction the  
20 numerator of which is the tax rate of the district for the current  
21 tax year and the denominator of which is the tax rate of the  
22 district for the preceding tax year, plus any tax in the current tax  
23 year attributable to improvements made in the preceding tax year,  
24 as provided by Subsection (b); or

1           (2) the amount of the limitation on tax increases on  
2 the homestead as otherwise provided by this section.

3           (a-2) Notwithstanding the other provisions of this section,  
4 if in the 2007 tax year an individual qualifies for a limitation on  
5 tax increases provided by this section on the individual's  
6 residence homestead and the first tax year the individual or the  
7 individual's spouse qualified for an exemption under Section  
8 11.13(c) for the same homestead was a tax year before the 2006 tax  
9 year, the amount of the limitation provided by this section in the  
10 2007 tax year is computed by:

11           (1) multiplying the amount of tax the school district  
12 imposed on the homestead in the 2005 tax year by the lesser of one or  
13 a fraction the numerator of which is the tax rate of the district  
14 for the 2006 tax year and the denominator of which is the tax rate of  
15 the district for the 2005 tax year;

16           (2) adding to the amount computed under Subdivision  
17 (1) any tax in the 2006 tax year attributable to improvements made  
18 in the 2005 tax year, as provided by Subsection (b);

19           (3) multiplying the amount computed under Subdivision  
20 (2) by the lesser of one or a fraction the numerator of which is the  
21 tax rate of the school district for the 2007 tax year and the  
22 denominator of which is the tax rate of the district for the 2006  
23 tax year; and

24           (4) adding to the amount computed under Subdivision  
25 (3) any tax in the 2007 tax year attributable to improvements made  
26 in the 2006 tax year, as provided by Subsection (b).

27           SECTION 2. Section 42.2511(a), Education Code, is amended

1 to read as follows:

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

8 (1) the increase in the homestead exemption under  
9 Section 1-b(c), Article VIII, Texas Constitution, as proposed by  
10 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, and the  
11 additional limitation on tax increases under Section 1-b(d),  
12 Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th  
13 Legislature, Regular Session, 1997; and

14 (2) the adjustment of the limitation on tax increases  
15 to reflect any change in the school district tax rate as provided by  
16 Section 11.26(a-1) or (a-2), Tax Code, as applicable.

17 SECTION 3. Section 403.302, Government Code, is amended by  
18 amending Subsection (j) and adding Subsection (j-1) to read as  
19 follows:

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

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

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

27 (A) a residence homestead exemption under

1 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

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

6 (3) a final value for each school district computed on  
7 the effect of the adjustment of the limitation on tax increases to  
8 reflect any change in the school district tax rate as provided by  
9 Section 11.26(a-1) or (a-2), Tax Code, as applicable.

10 (j-1) For purposes of applying Subsection (j)(3) in the  
11 2007-2008 school year, the comptroller shall compute the final  
12 value under that subsection as if the adjustment of the limitation  
13 on tax increases to reflect any change in the school district tax  
14 rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as  
15 applicable, had taken effect in the 2006 tax year. This subsection  
16 expires September 1, 2008.

17 SECTION 4. This Act applies only to an ad valorem tax year  
18 that begins on or after January 1, 2007.

19 SECTION 5. This Act takes effect January 1, 2007, but only  
20 if the constitutional amendment proposed by the 79th Legislature,  
21 3rd Called Session, 2006, providing for an adjustment of the  
22 limitation on the total amount of ad valorem taxes that may be  
23 imposed for public school purposes on the residence homesteads of  
24 the elderly or disabled to reflect any change in the rate of those  
25 taxes is approved by the voters. If that amendment is not approved  
26 by the voters, this Act has no effect.