

By: Martinez

H.B. No. 86

A BILL TO BE ENTITLED

AN ACT

1
2 relating to increasing the amount of the residence homestead
3 exemption from ad valorem taxation by a school district to \$45,000,
4 providing for an adjustment of the limitation on the total amount of
5 ad valorem taxes that may be imposed by a school district on the
6 homesteads of the elderly or disabled to reflect the increased
7 exemption amount and changes in the school district's ad valorem
8 tax rate, and protecting school districts against the resulting
9 loss 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 2007 [~~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 2006 [~~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 2007 [~~1997~~] tax year, plus any 2007 [~~1997~~] tax attributable to
2 improvements made in 2006 [~~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 2006 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 2007 tax year and the tax

1 rate of the school district for the 2007 tax year is higher or lower
2 than the tax rate of the district for the 2006 tax year, the amount
3 of the limitation provided by this section for the 2007 tax year is
4 the amount of tax the school district imposed for the 2006 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 2007 tax year, plus any
9 2007 tax attributable to improvements made in 2006, 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. Section 42.2511(a), Education Code, is amended
15 to read as follows:

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

22 (1) the increase in the amount of the residence
23 homestead exemption under Section 1-b(c), Article VIII, Texas
24 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,
25 Regular Session, 1997, and the corresponding adjustment of the
26 [~~additional~~] limitation on the total amount of ad valorem taxes
27 that may be imposed for public school purposes on the homesteads of

1 the elderly or disabled [~~tax increases~~] under Section 1-b(d),
2 Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th
3 Legislature, Regular Session, 1997;

4 (2) the increase in the amount of the residence
5 homestead exemption under Section 1-b(c), Article VIII, Texas
6 Constitution, as proposed by ____J.R. No. ____, 79th Legislature,
7 3rd Called Session, 2006, and the corresponding adjustment of the
8 limitation on the total amount of ad valorem taxes that may be
9 imposed for public school purposes on the homesteads of the elderly
10 or disabled under Section 1-b(d), Article VIII, Texas Constitution,
11 as proposed by ____J.R. No. ____, 79th Legislature, 3rd Called
12 Session, 2006; and

13 (3) the adjustment of the limitation on the total
14 amount of ad valorem taxes that may be imposed for public school
15 purposes on the residence homesteads of the elderly or disabled in
16 proportion to any increase or decrease in the tax rate for those
17 purposes under Section 1-b(d), Article VIII, Texas Constitution, as
18 proposed by ____J.R. No. ____, 79th Legislature, 3rd Called Session,
19 2006.

20 SECTION 4. Section 403.302(j), Government Code, is amended
21 to read as follows:

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

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

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

1 on[+]

2 [~~(A)~~] a residence homestead exemption under
3 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000, [+]
4 and

5 [~~(B)~~] the effect of the corresponding adjustment
6 of the [additional] limitation on the total amount of ad valorem
7 taxes that may be imposed for public school purposes on the
8 homesteads of the elderly or disabled [tax increases] under Section
9 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No.
10 4, 75th Legislature, Regular Session, 1997; and

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

13 (A) a residence homestead exemption under
14 Section 1-b(c), Article VIII, Texas Constitution, of \$45,000, and
15 the effect of the corresponding adjustment of the limitation on the
16 total amount of ad valorem taxes that may be imposed for public
17 school purposes on the homesteads of the elderly or disabled under
18 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
19 ___.J.R. No. ___, 79th Legislature, 3rd Called Session, 2006; and

20 (B) the effect of the adjustment of the
21 limitation on the total amount of ad valorem taxes that may be
22 imposed for public school purposes on the residence homesteads of
23 the elderly or disabled in proportion to any increase or decrease in
24 the tax rate for those purposes under Section 1-b(d), Article VIII,
25 Texas Constitution, as proposed by ___.J.R. No. ___, 79th
26 Legislature, 3rd Called Session, 2006.

27 SECTION 5. This Act applies only to an ad valorem tax year

1 that begins on or after January 1, 2007.

2 SECTION 6. This Act takes effect January 1, 2007, but only
3 if the constitutional amendment proposed by __.J.R. No. ____, 79th
4 Legislature, 3rd Called Session, 2006, is approved by the voters.
5 If that constitutional amendment is not approved by the voters,
6 this Act has no effect.