

By: Berman, McReynolds, Flynn, Goolsby,
Naishtat, et al.

H.B. No. 5

A BILL TO BE ENTITLED

AN ACT

1
2 relating to providing for a reduction of the limitation on the total
3 amount of ad valorem taxes that may be imposed by a school district
4 on the residence homesteads of the elderly or disabled to reflect
5 any reduction in the school district's tax rate and protecting a
6 school district against any 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), (a-2), and (a-3) to read as follows:

10 (a-1) Notwithstanding the other provisions of this section,
11 if in the 2007 tax year an individual qualifies for a limitation on
12 tax increases provided by this section on the individual's
13 residence homestead and the first tax year the individual or the
14 individual's spouse qualified for an exemption under Section
15 11.13(c) for the same homestead was the 2006 tax year, the amount of
16 the limitation provided by this section on the homestead in the 2007
17 tax year is equal to the amount computed by:

18 (1) multiplying the amount of tax the school district
19 imposed on the homestead in the 2006 tax year by a fraction the
20 numerator of which is the tax rate of the district for the 2007 tax
21 year and the denominator of which is the tax rate of the district
22 for the 2006 tax year; and

23 (2) adding any tax imposed in the 2007 tax year
24 attributable to improvements made in the 2006 tax year as provided

1 by Subsection (b) to the lesser of the amount computed under
2 Subdivision (1) or the amount of tax the district imposed on the
3 homestead in the 2006 tax year.

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

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

17 (2) adding any tax imposed in the 2006 tax year
18 attributable to improvements made in the 2005 tax year as provided
19 by Subsection (b) to the lesser of the amount computed under
20 Subdivision (1) or the amount of tax the district imposed on the
21 homestead in the 2005 tax year;

22 (3) multiplying the amount computed under Subdivision
23 (2) by a fraction the numerator of which is the tax rate of the
24 district for the 2007 tax year and the denominator of which is the
25 tax rate of the district for the 2006 tax year; and

26 (4) adding to the lesser of the amount computed under
27 Subdivision (2) or (3) any tax imposed in the 2007 tax year

1 attributable to improvements made in the 2006 tax year, as provided
2 by Subsection (b).

3 (a-3) Except as provided by Subsection (b), a limitation on
4 tax increases provided by this section on a residence homestead
5 computed under Subsection (a-1) or (a-2) continues to apply to the
6 homestead in subsequent tax years until the limitation expires.

7 SECTION 2. Section 42.2511(a), Education Code, is amended
8 to read as follows:

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

15 (1) the increase in the homestead exemption under
16 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
17 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, and the
18 additional limitation on tax increases under Section 1-b(d),
19 Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th
20 Legislature, Regular Session, 1997; and

21 (2) the reduction of the limitation on tax increases
22 to reflect any reduction in the school district tax rate as provided
23 by Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable.

24 SECTION 3. Section 42.302(a-1), Education Code, is amended
25 to read as follows:

26 (a-1) In this section, "wealth per student" has the meaning
27 assigned by Section 41.001. For purposes of Subsection (a), the

1 dollar amount guaranteed level of state and local funds per
2 weighted student per cent of tax effort ("GL") for a school district
3 is:

4 (1) the amount of district tax revenue per weighted
5 student per cent of tax effort available to a district at the 88th
6 percentile in wealth per student, as determined by the commissioner
7 in cooperation with the Legislative Budget Board, for the
8 district's maintenance and operations tax effort equal to or less
9 than the rate equal to the product of the state compression
10 percentage, as determined under Section 42.2516, multiplied by the
11 maintenance and operations tax rate adopted by the district for the
12 2005 tax year;

13 (2) the amount of district tax revenue per weighted
14 student per cent of tax effort that would be available to the Austin
15 Independent School District, as determined by the commissioner in
16 cooperation with the Legislative Budget Board, if the reduction of
17 the limitation on tax increases as provided by Section 11.26(a-1),
18 (a-2), or (a-3), Tax Code, did not apply, for the first six cents by
19 which the district's maintenance and operations tax rate exceeds
20 the rate equal to the product of the state compression percentage,
21 as determined under Section 42.2516 and notwithstanding the
22 limitation on district enrichment tax rate ("DTR") under Section
23 42.303, multiplied by the maintenance and operations tax rate
24 adopted by the district for the 2005 tax year; and

25 (3) \$31.95, for the district's maintenance and
26 operations tax effort that exceeds the amount of tax effort
27 described by Subdivision (2).

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

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

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

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

11 (A) a residence homestead exemption under
12 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

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

17 (3) a final value for each school district computed on
18 the effect of the reduction of the limitation on tax increases to
19 reflect any reduction in the school district tax rate as provided by
20 Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable.

21 (j-1) For purposes of applying Subsection (j)(3) in the
22 2007-2008 school year, the comptroller shall compute the final
23 value under that subsection as if the reduction of the limitation on
24 tax increases to reflect any reduction in the school district tax
25 rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as
26 applicable, had taken effect in the 2006 tax year. This subsection
27 expires September 1, 2008.

1 SECTION 5. This Act applies beginning with the tax year that
2 begins January 1, 2007.

3 SECTION 6. This Act takes effect on the date on which the
4 constitutional amendment proposed by the 80th Legislature, Regular
5 Session, 2007, authorizing the legislature to provide for a
6 reduction of the limitation on the total amount of ad valorem taxes
7 that may be imposed for public school purposes on the residence
8 homesteads of the elderly or disabled to reflect any reduction in
9 the rate of those taxes for the 2006 and 2007 tax years takes
10 effect, if that constitutional amendment is approved by the voters.
11 If that constitutional amendment is not approved by the voters,
12 this Act has no effect.