

By: Naishtat

H.B. No. 74

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) 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 on the homestead in the current tax year is equal to the  
18 lesser of:

19 (1) the amount computed by:

20 (A) multiplying the amount of tax the school  
21 district imposed on the homestead in the preceding tax year by the  
22 lesser of one or a fraction the numerator of which is the tax rate of  
23 the district for the current tax year and the denominator of which  
24 is the tax rate of the district for the preceding tax year; and

1                   (B) adding to the amount computed under Paragraph  
2 (A) any tax in the current tax year attributable to improvements  
3 made in the preceding tax year, as provided by Subsection (b); or  
4                   (2) the amount of the limitation on tax increases on  
5 the homestead as otherwise provided by this section.

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

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

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

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

26                   (4) adding to the amount computed under Subdivision  
27 (3) any tax in the 2007 tax year attributable to improvements made

1 in the 2006 tax year, as provided by Subsection (b).

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

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

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

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

19 SECTION 3. Section 403.302, Government Code, is amended by  
20 amending Subsection (j) and adding Subsection (j-1) to read as  
21 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; and

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

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

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

19 SECTION 4. This Act applies to the ad valorem tax year that  
20 begins on January 1, 2007, and to each subsequent tax year.

21 SECTION 5. This Act takes effect on the date on which the  
22 constitutional amendment proposed by the 80th Legislature, Regular  
23 Session, 2007, authorizing the legislature to provide for a  
24 reduction of the limitation on the total amount of ad valorem taxes  
25 that may be imposed for public school purposes on the residence  
26 homesteads of the elderly or disabled to reflect any reduction in  
27 the rate of those taxes takes effect, if that constitutional

H.B. No. 74

1 amendment is approved by the voters. If that constitutional  
2 amendment is not approved by the voters, this Act has no effect.