

By: Bohac

H.B. No. 870

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 \$25,000, adjusting the limitation on the total amount of ad valorem  
5 taxes that may be imposed for those purposes on the homesteads of  
6 the elderly or disabled to reflect the increased exemption amount,  
7 and protecting school districts against the resulting loss in local  
8 revenue.

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

10 SECTION 1. Section 11.13(b), Tax Code, is amended to read as  
11 follows:

12 (b) An adult is entitled to exemption from taxation by a  
13 school district of \$25,000 [~~\$15,000~~] of the appraised value of the  
14 adult's residence homestead, except that only \$5,000 [~~\$10,000~~] of  
15 the exemption applies [~~does not apply~~] to taxation by an entity  
16 operating under former Chapter 17, 18, 25, 26, 27, or 28, Education  
17 Code, as those chapters existed on May 1, 1995, as permitted by  
18 Section 11.301, Education Code.

19 SECTION 2. Section 11.26(a), Tax Code, is amended to read as  
20 follows:

21 (a) The tax officials shall appraise the property to which  
22 this section applies and calculate taxes as on other property, but  
23 if the tax so calculated exceeds the limitation imposed by this  
24 section, the tax imposed is the amount of the tax as limited by this

1 section, except as otherwise provided by this section. A school  
2 district may not increase the total annual amount of ad valorem tax  
3 it imposes on the residence homestead of an individual 65 years of  
4 age or older or on the residence homestead of an individual who is  
5 disabled, as defined by Section 11.13, above the amount of the tax  
6 it imposed in the first tax year in which the individual qualified  
7 that residence homestead for the applicable exemption provided by  
8 Section 11.13(c) for an individual who is 65 years of age or older  
9 or is disabled. If the individual qualified that residence  
10 homestead for the exemption after the beginning of that first year  
11 and the residence homestead remains eligible for the same exemption  
12 for the next year, and if the school district taxes imposed on the  
13 residence homestead in the next year are less than the amount of  
14 taxes imposed in that first year, a school district may not  
15 subsequently increase the total annual amount of ad valorem taxes  
16 it imposes on the residence homestead above the amount it imposed in  
17 the year immediately following the first year for which the  
18 individual qualified that residence homestead for the same  
19 exemption, except as provided by Subsection (b). If the first tax  
20 year the individual qualified the residence homestead for the  
21 exemption provided by Section 11.13(c) for individuals 65 years of  
22 age or older or disabled was a tax year before the 2008 [~~1997~~] tax  
23 year, the amount of the limitation provided by this section is the  
24 amount of tax the school district imposed on the residence  
25 homestead for the 2007 [~~1996~~] tax year less an amount equal to the  
26 amount determined by multiplying \$10,000 times the tax rate of the  
27 school district for the 2008 [~~1997~~] tax year, plus any 2008 [~~1997~~]

1 tax attributable to improvements made in 2007 [~~1996~~], other than  
2 improvements made to comply with governmental regulations or  
3 repairs.

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

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

12 (1) the increase in the homestead exemption under  
13 Section 1-b(c), Article VIII, Texas Constitution, as proposed by  
14 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as  
15 proposed by the joint resolution to amend that section adopted by  
16 the 80th Legislature, Regular Session, 2007; and

17 (2) the additional limitation on tax increases under  
18 Section 1-b(d), Article VIII, Texas Constitution, as proposed by  
19 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as  
20 proposed by the joint resolution to amend that section adopted by  
21 the 80th Legislature, Regular Session, 2007.

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

24 (j) For purposes of Section 42.2511, Education Code, the  
25 comptroller shall certify to the commissioner of 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 \$5,000; [~~and~~]

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

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

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

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

12 (A) a residence homestead exemption under  
13 Section 1-b(c), Article VIII, Texas Constitution, of \$25,000; and

14 (B) the effect of the additional limitation on  
15 tax increases under Section 1-b(d), Article VIII, Texas  
16 Constitution, as proposed by the joint resolution to amend that  
17 section adopted by the 80th Legislature, Regular Session, 2007.

18 SECTION 5. This Act takes effect January 1, 2008, but only  
19 if the constitutional amendment proposed by the 80th Legislature,  
20 Regular Session, 2007, increasing the amount of the residence  
21 homestead exemption from ad valorem taxation for public school  
22 purposes to \$25,000 and providing for an adjustment of the  
23 limitation on the total amount of ad valorem taxes that may be  
24 imposed for those purposes on the homesteads of the elderly or  
25 disabled to reflect the increased exemption amount is approved by  
26 the voters. If that amendment is not approved by the voters, this  
27 Act has no effect.