

By: Leibowitz

H.B. No. 1080

A BILL TO BE ENTITLED

AN ACT

relating to increasing the amount of the residence homestead exemption from ad valorem taxation by a school district to \$45,000, providing for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the homesteads of the elderly or disabled to reflect the increased exemption amount and any reduction in the school district's ad valorem tax rate, and protecting school districts against the resulting loss in local revenue.

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

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

(b) An adult is entitled to exemption from taxation by a school district of \$45,000 [~~\$15,000~~] of the appraised value of the adult's residence homestead, except that only \$5,000 [~~\$10,000~~] of the exemption applies [~~does not apply~~] to an entity operating under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters existed on May 1, 1995, as permitted by Section 11.301, Education Code.

SECTION 2. Section 11.26, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (a-3), and (a-4) to read as follows:

(a) The tax officials shall appraise the property to which this section applies and calculate taxes as on other property, but

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

1 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
2 2008 [~~1997~~] tax year, plus any 2008 [~~1997~~] tax attributable to
3 improvements made in 2007 [~~1996~~], other than improvements made to
4 comply with governmental regulations or repairs.

5 (a-1) Notwithstanding the other provisions of this section
6 and except as provided by Subsections (a-2), (a-3), and (a-4), if in
7 the current tax year an individual qualifies for a limitation on tax
8 increases provided by this section on the individual's residence
9 homestead and the individual or the individual's spouse qualified
10 for an exemption under Section 11.13(c) for the same homestead in
11 the preceding tax year, the amount of the limitation provided by
12 this section on the homestead in the current tax year is equal to
13 the lesser of:

14 (1) the amount computed by:

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

20 (B) adding to the amount computed under Paragraph
21 (A) any tax in the current tax year attributable to improvements
22 made in the preceding tax year, as provided by Subsection (b); or

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

25 (a-2) Notwithstanding the other provisions of this section,
26 if in the 2008 tax year an individual qualifies for a limitation on
27 tax increases provided by this section on the individual's

1 residence homestead and the first tax year the individual or the
2 individual's spouse qualified for an exemption under Section
3 11.13(c) for the same homestead was a tax year before the 2006 tax
4 year, the amount of the limitation provided by this section on the
5 homestead in the 2008 tax year is equal to the amount computed by:

6 (1) multiplying the amount of tax the school district
7 imposed on the homestead in the 2005 tax year by the lesser of one or
8 a fraction the numerator of which is the tax rate of the district
9 for the 2006 tax year and the denominator of which is the tax rate of
10 the district for the 2005 tax year;

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

14 (3) multiplying the amount computed under Subdivision
15 (2) by the lesser of one or a fraction the numerator of which is the
16 tax rate of the district for the 2007 tax year and the denominator
17 of which is the tax rate of the district for the 2006 tax year;

18 (4) adding to the amount computed under Subdivision
19 (3) any tax in the 2007 tax year attributable to improvements made
20 in the 2006 tax year, as provided by Subsection (b);

21 (5) multiplying the amount computed under Subdivision
22 (4) by the lesser of one or a fraction the numerator of which is the
23 tax rate of the district for the 2008 tax year and the denominator
24 of which is the tax rate of the district for the 2007 tax year;

25 (6) subtracting from the amount computed under
26 Subdivision (5) the amount computed by multiplying \$30,000 by the
27 tax rate of the district for the 2008 tax year; and

1 (7) adding to the amount computed under Subdivision
2 (6) any tax in the 2008 tax year attributable to improvements made
3 in the 2007 tax year, as provided by Subsection (b).

4 (a-3) Notwithstanding the other provisions of this section,
5 if in the 2008 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 the 2006 tax year, the amount of
10 the limitation provided by this section on the homestead in the 2008
11 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 2006 tax year by the lesser of one or
14 a fraction the numerator of which is the tax rate of the district
15 for the 2007 tax year and the denominator of which is the tax rate of
16 the district for the 2006 tax year;

17 (2) adding to the amount computed under Subdivision
18 (1) any tax in the 2007 tax year attributable to improvements made
19 in the 2006 tax year, as provided by Subsection (b);

20 (3) multiplying the amount computed under Subdivision
21 (2) by the lesser of one or a fraction the numerator of which is the
22 tax rate of the district for the 2008 tax year and the denominator
23 of which is the tax rate of the district for the 2007 tax year;

24 (4) subtracting from the amount computed under
25 Subdivision (3) the amount computed by multiplying \$30,000 by the
26 tax rate of the district for the 2008 tax year; and

27 (5) adding to the amount computed under Subdivision

1 (4) any tax in the 2008 tax year attributable to improvements made
2 in the 2007 tax year, as provided by Subsection (b).

3 (a-4) Notwithstanding the other provisions of this section,
4 if in the 2008 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 the 2007 tax year, the amount of
9 the limitation provided by this section on the homestead in the 2008
10 tax year is equal to the amount computed by:

11 (1) multiplying the amount of tax the school district
12 imposed on the homestead in the 2007 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 2008 tax year and the denominator of which is the tax rate of
15 the district for the 2007 tax year;

16 (2) subtracting from the amount computed under
17 Subdivision (1) the amount computed by multiplying \$30,000 by the
18 tax rate of the district for the 2008 tax year; and

19 (3) adding to the amount computed under Subdivision
20 (2) any tax in the 2008 tax year attributable to improvements made
21 in the 2007 tax year, as provided by Subsection (b).

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

24 (a) Notwithstanding any other provision of this chapter, a
25 school district is entitled to additional state aid to the extent
26 that state aid under this chapter based on the determination of the
27 school district's taxable value of property as provided under

Subchapter M, Chapter 403, Government Code, does not fully compensate the district for ad valorem tax revenue lost due to:

(1) the increase in the amount of the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997, and the corresponding reduction of the [additional] limitation on the total amount of ad valorem taxes that may be imposed for public school purposes on the homesteads of the elderly or disabled [tax increases] under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997;

(2) the increase in the amount of the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by ____J.R. No. ____, 80th Legislature, Regular Session, 2007, and the corresponding reduction of the limitation described by Subdivision (1) as proposed by ____J.R. No. ____, 80th Legislature, Regular Session, 2007; and

(3) the reduction of the limitation described by Subdivision (1) to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1), (a-2), (a-3), or (a-4), Tax Code, as applicable.

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

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

(1) a final value for each school district computed on

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

3 (2) a final value for each school district computed
4 on~~+~~

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

8 ~~[(B)]~~ the effect of the corresponding reduction
9 of the ~~additional~~ limitation on the total amount of ad valorem
10 taxes that may be imposed for public school purposes on the
11 homesteads of the elderly or disabled ~~tax-increases~~ under Section
12 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No.
13 4, 75th Legislature, Regular Session, 1997; and

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

16 (A) a residence homestead exemption under
17 Section 1-b(c), Article VIII, Texas Constitution, of \$45,000, and
18 the effect of the corresponding reduction of the limitation
19 described by Subdivision (2) as proposed by ___J.R. No. ___, 80th
20 Legislature, Regular Session, 2007; and

21 (B) the effect of the reduction of the limitation
22 described by Subdivision (2) to reflect any reduction in the school
23 district tax rate as provided by Section 11.26(a-1), (a-2), (a-3),
24 or (a-4), Tax Code, as applicable.

25 (j-1) For purposes of applying Subsection (j)(3) in the
26 2008-2009 school year, the comptroller shall compute the final
27 value under that subsection as if the increase in the amount of the

1 residence homestead exemption under Section 1-b(c), Article VIII,
2 Texas Constitution, as proposed by __.J.R. No. ____, 80th
3 Legislature, Regular Session, 2007, the corresponding reduction of
4 the limitation on the total amount of ad valorem taxes that may be
5 imposed for public school purposes on the homesteads of the elderly
6 or disabled under Section 1-b(d), Article VIII, Texas Constitution,
7 as proposed by __.J.R. No. ____, 80th Legislature, Regular Session,
8 2007, and the reduction of that limitation to reflect any reduction
9 in the school district tax rate as provided by Section 11.26(a-1),
10 (a-2), (a-3), or (a-4), Tax Code, as applicable, had taken effect in
11 the 2007 tax year. This subsection expires September 1, 2009.

12 SECTION 5. This Act applies only to an ad valorem tax year
13 that begins on or after January 1, 2008.

14 SECTION 6. This Act takes effect January 1, 2008, but only
15 if the constitutional amendment proposed by the 80th Legislature,
16 Regular Session, 2007, increasing the amount of the residence
17 homestead exemption from ad valorem taxation for public school
18 purposes from \$15,000 to \$45,000, providing for a reduction of the
19 limitation on the total amount of ad valorem taxes that may be
20 imposed for those purposes on the homestead of an elderly or
21 disabled person to reflect the increased exemption amount, and
22 authorizing the legislature to provide for the reduction of that
23 limitation to reflect any reduction in the rate of those school
24 taxes, is approved by the voters. If that constitutional amendment
25 is not approved by the voters, this Act has no effect.