

By: Hopson

H.B. No. 1584

A BILL TO BE ENTITLED

1 AN ACT

2 relating to increasing the amount of the residence homestead  
3 exemption from ad valorem taxation by a school district to \$22,500,  
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 \$22,500 [~~\$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 an individual  
21 receives the limitation provided by this section for the  
22 individual's residence homestead and the individual or the  
23 individual's spouse received the limitation in the preceding tax  
24 year for that homestead and the tax rate of the school district for  
25 the current tax year is higher or lower than the tax rate of the  
26 district for the preceding tax year, the total amount of taxes that  
27 may be imposed by the district on the homestead is equal to the

1 amount of tax the district imposed on the homestead for the  
2 preceding tax year multiplied by a fraction the numerator of which  
3 is the tax rate of the district for the current tax year and the  
4 denominator of which is the tax rate of the district for the  
5 preceding tax year, plus any tax for the current tax year  
6 attributable to improvements made in the preceding tax year, other  
7 than improvements made to comply with governmental regulations or  
8 repairs, except that the total amount of taxes that may be imposed  
9 may not exceed the amount of taxes imposed by the district for the  
10 later of the 2007 tax year or the tax year in which the limitation  
11 took effect, as that limitation may have been increased in  
12 subsequent tax years or may be increased for the current tax year  
13 because of improvements as authorized by this section.

14 (a-1) Notwithstanding Subsection (a), if the first tax year  
15 the individual qualified the residence homestead for the exemption  
16 provided by Section 11.13(c) for individuals 65 years of age or  
17 older or disabled was a tax year before the 2008 tax year, the  
18 amount of the limitation provided by this section for the 2008 tax  
19 year is the amount of tax the school district imposed for the 2007  
20 tax year, increased or reduced, as applicable, in proportion to any  
21 increase or reduction in the tax rate as provided by Subsection (a),  
22 less an amount equal to the amount determined by multiplying \$7,500  
23 times the tax rate of the school district for the 2008 tax year,  
24 plus any 2008 tax attributable to improvements made in 2007, other  
25 than improvements made to comply with governmental regulations or  
26 repairs. That limitation continues to apply to the property in  
27 subsequent tax years, subject to the other provisions of this

1 section. [~~If the first tax year the individual qualified the~~  
2 ~~residence homestead for the exemption provided by Section 11.13(c)~~  
3 ~~for individuals 65 years of age or older was a tax year before the~~  
4 ~~1997 tax year, the amount of the limitation provided by this section~~  
5 ~~is the amount of tax the school district imposed for the 1996 tax~~  
6 ~~year less an amount equal to the amount determined by multiplying~~  
7 ~~\$10,000 times the tax rate of the school district for the 1997 tax~~  
8 ~~year, plus any 1997 tax attributable to improvements made in 1996,~~  
9 ~~other than improvements made to comply with governmental~~  
10 ~~regulations or repairs.]~~

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

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

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

1           (2) the increase in the amount of the residence  
2 homestead exemption under Section 1-b(c), Article VIII, Texas  
3 Constitution, as proposed by \_\_\_\_J.R. No. \_\_\_\_, 80th Legislature,  
4 Regular Session, 2007, and the corresponding adjustment of the  
5 limitation on the total amount of ad valorem taxes that may be  
6 imposed for public school purposes on the homesteads of the elderly  
7 or disabled under Section 1-b(d), Article VIII, Texas Constitution,  
8 as proposed by \_\_\_\_J.R. No. \_\_\_\_, 80th Legislature, Regular Session,  
9 2007; and

10           (3) the adjustment of the limitation on the total  
11 amount of ad valorem taxes that may be imposed for public school  
12 purposes on the residence homesteads of the elderly or disabled in  
13 proportion to any increase or decrease in the tax rate for those  
14 purposes under Section 1-b(d), Article VIII, Texas Constitution, as  
15 proposed by \_\_\_\_J.R. No. \_\_\_\_, 80th Legislature, Regular Session,  
16 2007.

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

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

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

24           (2) a final value for each school district computed  
25 on[+]

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

1 and

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

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

10 (A) a residence homestead exemption under  
11 Section 1-b(c), Article VIII, Texas Constitution, of \$22,500, and  
12 the effect of the corresponding adjustment of the limitation on the  
13 total amount of ad valorem taxes that may be imposed for public  
14 school purposes on the homesteads of the elderly or disabled under  
15 Section 1-b(d), Article VIII, Texas Constitution, as proposed by  
16 \_\_\_.J.R. No. \_\_\_, 80th Legislature, Regular Session, 2007; and

17 (B) the effect of the adjustment of the  
18 limitation on the total amount of ad valorem taxes that may be  
19 imposed for public school purposes on the residence homesteads of  
20 the elderly or disabled in proportion to any increase or decrease in  
21 the tax rate for those purposes under Section 1-b(d), Article VIII,  
22 Texas Constitution, as proposed by \_\_\_.J.R. No. \_\_\_, 80th  
23 Legislature, Regular Session, 2007.

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

26 SECTION 6. This Act takes effect January 1, 2008, but only  
27 if the constitutional amendment proposed by \_\_\_.J.R. No. \_\_\_, 80th

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1 Legislature, Regular Session, 2007, is approved by the voters. If  
2 that constitutional amendment is not approved by the voters, this  
3 Act has no effect.