

By: Deuell

S.B. No. 321

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 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 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, and the tax rate of the school district for the
17 current tax year is lower than the tax rate of the district for the
18 preceding tax year, the amount of the limitation provided by this
19 section on the homestead in the current tax year is equal to the
20 amount computed by:

21 (1) multiplying the amount of tax the district imposed
22 on the homestead in the preceding tax year by a fraction the
23 numerator of which is the tax rate of the district for the current
24 tax year and the denominator of which is the tax rate of the

1 district for the preceding tax year; and

2 (2) adding to the amount computed under Subdivision
3 (1) any tax imposed in the current tax year attributable to
4 improvements made in the preceding tax year, as provided by
5 Subsection (b).

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 a fraction the
16 numerator of which is the tax rate of the district for the 2006 tax
17 year and the denominator of which is the tax rate of the district
18 for the 2005 tax year;

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

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

1 (4) adding to the lesser of the amount computed under
2 Subdivision (2) or (3) any tax imposed in the 2007 tax year
3 attributable to improvements made in the 2006 tax year, as provided
4 by Subsection (b).

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

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

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

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

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

26 SECTION 3. Section 403.302, Government Code, is amended by
27 amending Subsection (j) and adding Subsection (j-1) to read as

1 follows:

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

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

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

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

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

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

19 (j-1) For purposes of applying Subsection (j)(3) in the
20 2007-2008 school year, the comptroller shall compute the final
21 value under that subsection as if the reduction of the limitation on
22 tax increases to reflect any reduction in the school district tax
23 rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as
24 applicable, had taken effect in the 2006 tax year. This subsection
25 expires September 1, 2008.

26 SECTION 4. This Act applies beginning with the tax year that
27 begins January 1, 2007.

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