

By: Leibowitz

H.B. No. 16

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 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(a), Tax Code, is amended 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 if the tax so calculated exceeds the limitation imposed by this 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 2010 [~~1997~~] tax
 23 year, the amount of the limitation provided by this section is the
 24 amount of tax the school district imposed for the 2009 [~~1996~~] tax
 25 year less an amount equal to the amount determined by multiplying
 26 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
 27 2010 [~~1997~~] tax year, plus any 2010 [~~1997~~] tax attributable to

1 improvements made in 2009 [~~1996~~], other than improvements made to
2 comply with governmental regulations or repairs.

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

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

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

17 (2) the reduction of the limitation on tax increases
18 to reflect any reduction in the school district tax rate as provided
19 by Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable;
20 and

21 (3) the increase in the homestead exemption under
22 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
23 the joint resolution to amend that section adopted by the 81st
24 Legislature, Regular Session, 2009, and the additional limitation
25 on tax increases under Section 1-b(d), Article VIII, Texas
26 Constitution, as proposed by the joint resolution to amend that
27 section adopted by the 81st Legislature, Regular Session, 2009.

SECTION 4. Section 403.302(j), Government Code, is amended 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 a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000;

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

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

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

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

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

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$45,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by the joint resolution to amend that section adopted by the 81st Legislature, Regular Session, 2009.

1 SECTION 5. This Act applies only to an ad valorem tax year
2 that begins on or after January 1, 2010.

3 SECTION 6. This Act takes effect January 1, 2010, but only
4 if the constitutional amendment proposed by the 81st Legislature,
5 Regular Session, 2009, increasing the amount of the residence
6 homestead exemption from ad valorem taxation for public school
7 purposes from \$15,000 to \$45,000 and providing for a reduction of
8 the limitation on the total amount of ad valorem taxes that may be
9 imposed for those purposes on the homestead of an elderly or
10 disabled person to reflect the increased exemption amount is
11 approved by the voters. If that constitutional amendment is not
12 approved by the voters, this Act has no effect.