

By: Patrick, Dan

S.B. No. 393

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the treatment for school finance purposes of school
3 district optional residence homestead ad valorem tax exemptions.

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

5 SECTION 1. Sections 42.2522(a), (d), and (e), Education
6 Code, are amended to read as follows:

7 (a) In any school year, the commissioner may not provide
8 funding under this chapter based on a school district's taxable
9 value of property computed in accordance with Section
10 403.302(d)(2)(B) [~~403.302(d)(2)~~], Government Code, unless:

11 (1) funds are specifically appropriated for purposes
12 of this section; or

13 (2) the commissioner determines that the total amount
14 of state funds appropriated for purposes of the Foundation School
15 Program for the school year exceeds the amount of state funds
16 distributed to school districts in accordance with Section 42.253
17 based on the taxable values of property in school districts
18 computed in accordance with Section 403.302(d), Government Code,
19 without any deduction for residence homestead exemptions granted
20 under Section 11.13(n), Tax Code.

21 (d) If the commissioner determines that the amount of funds
22 available under Subsection (a)(1) or (2) does not at least equal the
23 total amount of state funding to which districts would be entitled
24 if state funding under this chapter were based on the taxable values

1 of property in school districts computed in accordance with Section
2 403.302(d)(2)(B) [~~403.302(d)(2)~~], Government Code, the
3 commissioner may, to the extent necessary, provide state funding
4 based on a uniform lesser fraction of the deduction under Section
5 403.302(d)(2)(B) [~~403.302(d)(2)~~], Government Code.

6 (e) The commissioner shall notify school districts as soon
7 as practicable as to the availability of funds under this section.
8 For purposes of computing a rollback tax rate under Section 26.08,
9 Tax Code, a district for which the taxable value of property is
10 computed in accordance with Section 403.302(d)(2)(B), Government
11 Code, shall adjust the district's tax rate limit to reflect
12 assistance received under this section.

13 SECTION 2. Sections 403.302(d) and (k), Government Code,
14 are amended to read as follows:

15 (d) For the purposes of this section, "taxable value" means
16 the market value of all taxable property less:

17 (1) the total dollar amount of any residence homestead
18 exemptions lawfully granted under Section 11.13(b) or (c), Tax
19 Code, in the year that is the subject of the study for each school
20 district;

21 (2) for a school district for which a residence
22 homestead exemption under Section 11.13(n), Tax Code, was in effect
23 in the year that is the subject of the study:

24 (A) the total dollar amount of the residence
25 homestead exemptions granted under Section 11.13(n), Tax Code, in
26 the year that is the subject of the study, if a residence homestead
27 exemption under Section 11.13(n), Tax Code, was in effect for the

1 district in the 2009 tax year and in each subsequent tax year,
2 including the year that is the subject of the study; or

3 (B) one-half of the total dollar amount of the
4 ~~[any]~~ residence homestead exemptions granted under Section
5 11.13(n), Tax Code, in the year that is the subject of the study, if
6 Paragraph (A) does not apply to the ~~[for each school]~~ district;

7 (3) the total dollar amount of any exemptions granted
8 before May 31, 1993, within a reinvestment zone under agreements
9 authorized by Chapter 312, Tax Code;

10 (4) subject to Subsection (e), the total dollar amount
11 of any captured appraised value of property that:

12 (A) is within a reinvestment zone created on or
13 before May 31, 1999, or is proposed to be included within the
14 boundaries of a reinvestment zone as the boundaries of the zone and
15 the proposed portion of tax increment paid into the tax increment
16 fund by a school district are described in a written notification
17 provided by the municipality or the board of directors of the zone
18 to the governing bodies of the other taxing units in the manner
19 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
20 within the boundaries of the zone as those boundaries existed on
21 September 1, 1999, including subsequent improvements to the
22 property regardless of when made;

23 (B) generates taxes paid into a tax increment
24 fund created under Chapter 311, Tax Code, under a reinvestment zone
25 financing plan approved under Section 311.011(d), Tax Code, on or
26 before September 1, 1999; and

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (5) for a school district for which a deduction from
3 taxable value is made under Subdivision (4), an amount equal to the
4 taxable value required to generate revenue when taxed at the school
5 district's current tax rate in an amount that, when added to the
6 taxes of the district paid into a tax increment fund as described by
7 Subdivision (4)(B), is equal to the total amount of taxes the
8 district would have paid into the tax increment fund if the district
9 levied taxes at the rate the district levied in 2005;

10 (6) the total dollar amount of any captured appraised
11 value of property that:

12 (A) is within a reinvestment zone:

13 (i) created on or before December 31, 2008,
14 by a municipality with a population of less than 18,000; and

15 (ii) the project plan for which includes
16 the alteration, remodeling, repair, or reconstruction of a
17 structure that is included on the National Register of Historic
18 Places and requires that a portion of the tax increment of the zone
19 be used for the improvement or construction of related facilities
20 or for affordable housing;

21 (B) generates school district taxes that are paid
22 into a tax increment fund created under Chapter 311, Tax Code; and

23 (C) is eligible for tax increment financing under
24 Chapter 311, Tax Code;

25 (7) the total dollar amount of any exemptions granted
26 under Section 11.251 or 11.253, Tax Code;

27 (8) the difference between the comptroller's estimate

1 of the market value and the productivity value of land that
2 qualifies for appraisal on the basis of its productive capacity,
3 except that the productivity value estimated by the comptroller may
4 not exceed the fair market value of the land;

5 (9) the portion of the appraised value of residence
6 homesteads of individuals who receive a tax limitation under
7 Section 11.26, Tax Code, on which school district taxes are not
8 imposed in the year that is the subject of the study, calculated as
9 if the residence homesteads were appraised at the full value
10 required by law;

11 (10) a portion of the market value of property not
12 otherwise fully taxable by the district at market value because of:

13 (A) action required by statute or the
14 constitution of this state that, if the tax rate adopted by the
15 district is applied to it, produces an amount equal to the
16 difference between the tax that the district would have imposed on
17 the property if the property were fully taxable at market value and
18 the tax that the district is actually authorized to impose on the
19 property, if this subsection does not otherwise require that
20 portion to be deducted; or

21 (B) action taken by the district under Subchapter
22 B or C, Chapter 313, Tax Code;

23 (11) the market value of all tangible personal
24 property, other than manufactured homes, owned by a family or
25 individual and not held or used for the production of income;

26 (12) the appraised value of property the collection of
27 delinquent taxes on which is deferred under Section 33.06, Tax

1 Code;

2 (13) the portion of the appraised value of property
3 the collection of delinquent taxes on which is deferred under
4 Section 33.065, Tax Code; and

5 (14) the amount by which the market value of a
6 residence homestead to which Section 23.23, Tax Code, applies
7 exceeds the appraised value of that property as calculated under
8 that section.

9 (k) For purposes of Section 42.2522, Education Code, the
10 comptroller shall certify to the commissioner of education for each
11 school district to which Subsection (d)(2)(B) applies:

12 (1) a final value for the [~~each~~] school district
13 computed without any deduction for residence homestead exemptions
14 granted under Section 11.13(n), Tax Code; and

15 (2) a final value for the [~~each~~] school district
16 computed after deducting one-half the total dollar amount of
17 residence homestead exemptions granted under Section 11.13(n), Tax
18 Code.

19 SECTION 3. (a) The change in law made by this Act to
20 Section 42.2522, Education Code, applies beginning with the
21 2010-2011 school year. A school year before that school year is
22 governed by Section 42.2522, Education Code, as that section
23 existed before the effective date of this Act, and the former law is
24 continued in effect for that purpose.

25 (b) The change in law made by this Act to Section 403.302,
26 Government Code, applies only to the annual study conducted under
27 that section, as amended by this Act, to determine taxable value for

1 a tax year that begins on or after January 1, 2009. The annual study
2 to determine taxable value for a tax year that begins before that
3 date is covered by the law in effect immediately before the
4 effective date of this Act, and the former law is continued in
5 effect for that purpose.

6 SECTION 4. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2009.