

By: Hochberg

H.B. No. 2484

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the state property tax compression percentage and the
3 homestead property tax exemption under the public school finance
4 system.

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

6 SECTION 1. Section 42.2516, Education Code, is amended by
7 amending Subsections (a), (b), (b-1), (f-1), (g) and (h) and adding
8 Subsections (a-1) and (i) to read as follows:

9 (a) In this section, "state compression percentage" means
10 the percentage, as determined by the commissioner, of a school
11 district's adopted maintenance and operations tax rate for the 2005
12 tax year that serves as the basis for state funding for tax rate
13 reduction under this section. Subject to Subsection (a-1), the
14 ~~The~~ commissioner shall determine the state compression
15 percentage for each school year based on the percentage by which a
16 district is able to reduce the district's maintenance and
17 operations tax rate for that year, as compared to the district's
18 adopted maintenance and operations tax rate for the 2005 tax year,
19 as a result of state funds appropriated for distribution under this
20 section for that year from the property tax relief fund established
21 under Section 403.109, Government Code, or from another funding
22 source available for school district property tax relief.

23 (a-1) The state compression percentage must be at least the
24 percentage required to maintain the amount of state and local

1 revenue per student in weighted average daily attendance for
2 maintenance and operations to which each district is entitled under
3 this section.

4 (b) Subject to Subsection (g), but notwithstanding
5 ~~[Notwithstanding]~~ any other provision of this title, a school
6 district that imposes a maintenance and operations tax at a rate at
7 least equal to the product of the state compression percentage
8 multiplied by the maintenance and operations tax rate adopted by
9 the district for the 2005 tax year is entitled to at least the
10 amount of state revenue necessary to provide the district with the
11 sum of:

12 (1) ~~[as calculated under Subsection (e),]~~ the amount
13 of state and local revenue per student in weighted average daily
14 attendance for maintenance and operations that the district ~~[would~~
15 ~~have]~~ received during the 2010-2011 ~~[2009-2010]~~ school year ~~[under~~
16 ~~Chapter 41 and this chapter, as those chapters existed on January 1,~~
17 ~~2009,~~] at a maintenance and operations tax rate equal to the product
18 of the state compression percentage for that year multiplied by the
19 maintenance and operations tax rate adopted by the district for the
20 2005 tax year;

21 (2) ~~[an amount equal to the product of \$120 multiplied~~
22 ~~by the number of students in weighted average daily attendance in~~
23 ~~the district,~~

24 ~~[(3)]~~ an amount equal to the amount the district is
25 required to pay into the tax increment fund for a reinvestment zone
26 under Section 311.013(n), Tax Code, in the current tax year; and

27 (3) ~~[(4)]~~ any amount to which the district is entitled

1 under Section 42.106.

2 (b-1) The amount determined for a school district under
3 Subsection (b) is increased or reduced as follows:

4 (1) if for any school year the district is entitled to
5 a greater allotment under Section 42.155 or 42.158 or more
6 additional state aid under Section 42.2515 than the allotment or
7 additional state aid to which the district was entitled under
8 Section 42.155, 42.158, or 42.2515, as applicable, for the
9 2010-2011 [~~2009-2010~~] school year, the district's entitlement
10 under Subsection (b) is increased by an amount equal to the
11 difference between the amount to which the district is entitled
12 under Section 42.155, 42.158, or 42.2515, as applicable, for that
13 school year and the amount to which the district was entitled under
14 the applicable section for the 2010-2011 [~~2009-2010~~] school year;
15 and

16 (2) if for any school year the district is not entitled
17 to an allotment under Section 42.155 or 42.158 or additional state
18 aid under Section 42.2515 or is entitled to a lesser allotment or
19 less additional state aid under the applicable section than the
20 allotment or additional state aid to which the district was
21 entitled under the applicable section for the 2010-2011 [~~2009-2010~~]
22 school year, the district's entitlement under Subsection (b) is
23 reduced by an amount equal to the difference between the amount to
24 which the district was entitled under Section 42.155, 42.158, or
25 42.2515, as applicable, for the 2010-2011 [~~2009-2010~~] school year
26 and the amount to which the district is entitled under the
27 applicable section for the current school year.

1 (f-1) The commissioner shall, in accordance with rules
2 adopted by the commissioner, adjust the amount of a school
3 district's local revenue derived from maintenance and operations
4 tax collections, as calculated for purposes of determining the
5 amount of state revenue to which the district is entitled under this
6 section, if the district, for the 2011 [~~2010~~] tax year or a
7 subsequent tax year:

8 (1) adopts an exemption under Section 11.13(n), Tax
9 Code, that was not in effect for the 2010 [~~2009~~] tax year, or
10 eliminates an exemption under Section 11.13(n), Tax Code, that was
11 in effect for the 2010 [~~2009~~] tax year;

12 (2) adopts an exemption under Section 11.13(n), Tax
13 Code, at a greater or lesser percentage than the percentage in
14 effect for the district for the 2010 [~~2009~~] tax year;

15 (3) grants an exemption under an agreement authorized
16 by Chapter 312, Tax Code, that was not in effect for the 2010 [~~2009~~]
17 tax year, or ceases to grant an exemption authorized by that chapter
18 that was in effect for the 2010 [~~2009~~] tax year; or

19 (4) agrees to deposit taxes into a tax increment fund
20 created under Chapter 311, Tax Code, under a reinvestment zone
21 financing plan that was not in effect for the 2010 [~~2009~~] tax year,
22 or ceases depositing taxes into a tax increment fund created under
23 that chapter under a reinvestment zone financing plan that was in
24 effect for the 2010 [~~2009~~] tax year.

25 (g) If a school district adopts a maintenance and operations
26 tax rate that is below the rate equal to the product of the state
27 compression percentage multiplied by the maintenance and

1 operations tax rate adopted by the district for the 2005 tax year,
2 the commissioner shall reduce the district's entitlement under this
3 section in proportion to the amount by which the rate equal to the
4 adopted rate is less than the rate equal to the product of the state
5 compression percentage multiplied by the rate adopted by the
6 district for the 2005 tax year.

7 (h) The commissioner may adopt rules necessary to implement
8 this section.

9 (i) [~~(h)~~] A determination by the commissioner under this
10 section is final and may not be appealed.

11 SECTION 2. Section 42.253(c-1), Education Code, is amended
12 to read as follows:

13 (c-1) The amounts to be paid under Section 42.2516(b)(2)
14 [~~42.2516(b)(3)~~] shall be paid at the same time as other state
15 revenue is paid to the district. Payments shall be based on
16 amounts paid under Section 42.2516(b)(2) [~~42.2516(b)(3)~~] for the
17 preceding year. Any deficiency shall be paid to the district at
18 the same time the final amount to be paid to the district is
19 determined, and any overpayment shall be deducted from the payments
20 the district would otherwise receive in the following year.

21 SECTION 3. Sections 42.2516(d) and (e), Education Code, are
22 repealed.

23 SECTION 4. Section 11.13(b), Tax Code, is amended to read as
24 follows:

25 (b) An adult is entitled to exemption from taxation by a
26 school district of \$45,000 [~~\$15,000~~] of the appraised value of the
27 adult's residence homestead, except that \$40,000 [~~\$10,000~~] of the

1 exemption does not apply to an entity operating under former
2 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters
3 existed on May 1, 1995, as permitted by Section 11.301, Education
4 Code.

5 SECTION 5. Section 11.26(a), Tax Code, is amended to read as
6 follows:

7 (a) The tax officials shall appraise the property to which
8 this section applies and calculate taxes as on other property, but
9 if the tax so calculated exceeds the limitation imposed by this
10 section, the tax imposed is the amount of the tax as limited by this
11 section, except as otherwise provided by this section. A school
12 district may not increase the total annual amount of ad valorem tax
13 it imposes on the residence homestead of an individual 65 years of
14 age or older or on the residence homestead of an individual who is
15 disabled, as defined by Section 11.13, above the amount of the tax
16 it imposed in the first tax year in which the individual qualified
17 that residence homestead for the applicable exemption provided by
18 Section 11.13(c) for an individual who is 65 years of age or older
19 or is disabled. If the individual qualified that residence
20 homestead for the exemption after the beginning of that first year
21 and the residence homestead remains eligible for the same exemption
22 for the next year, and if the school district taxes imposed on the
23 residence homestead in the next year are less than the amount of
24 taxes imposed in that first year, a school district may not
25 subsequently increase the total annual amount of ad valorem taxes
26 it imposes on the residence homestead above the amount it imposed in
27 the year immediately following the first year for which the

1 individual qualified that residence homestead for the same
2 exemption, except as provided by Subsection (b). If the first tax
3 year the individual qualified the residence homestead for the
4 exemption provided by Section 11.13(c) for individuals 65 years of
5 age or older or disabled was a tax year before the 2012 [~~1997~~] tax
6 year, the amount of the limitation provided by this section is the
7 amount of tax the school district imposed for the 2011 [~~1996~~] tax
8 year less an amount equal to the amount determined by multiplying
9 \$30,000 [~~\$10,000~~] times the tax rate of the school district for the
10 2012 [~~1997~~] tax year, plus any 2012 [~~1997~~] tax attributable to
11 improvements made in 2011 [~~1996~~], other than improvements made to
12 comply with governmental regulations or repairs.

13 SECTION 6. Section 403.302(j), Government Code, is amended
14 to read as follows:

15 (j) For purposes of Chapter 42, Education Code, the
16 comptroller shall certify to the commissioner of education:

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

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

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

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

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

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

5 (B) the effect of the additional limitation on
6 tax increases under Section 1-b(d), Article VIII, Texas
7 Constitution, as proposed by the joint resolution to amend that
8 section adopted by the 82nd Legislature, Regular Session, 2011; and

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

13 SECTION 7. Sections 1, 2 and 3 of this Act take effect
14 September 1, 2011.

15 SECTION 8. Sections 4, 5, 6 take effect January 1, 2012, but
16 only if the constitutional amendment proposed by the 82nd
17 Legislature, Regular Session, 2011, increasing the amount of the
18 school district residence homestead property tax exemption to
19 \$45,000 and providing for a corresponding adjustment of the
20 limitation on school taxes on residence homesteads of elderly and
21 disabled persons is approved by the voters. If that amendment is
22 not approved by the voters, those sections have no effect.