

By: Martinez

H.B. No. 368

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to increasing the amount of the residence homestead  
3 exemption from ad valorem taxation by a school district from  
4 \$15,000 to \$45,000, providing for a reduction of the limitation on  
5 the total amount of ad valorem taxes that may be imposed by a school  
6 district on the homestead of an elderly or disabled person to  
7 reflect the increased exemption amount, and protecting school  
8 districts against the resulting loss in local revenue.

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

10 SECTION 1. Section 11.13(b), Tax Code, is amended to read as  
11 follows:

12 (b) An adult is entitled to exemption from taxation by a  
13 school district of \$45,000 [~~\$15,000~~] of the appraised value of the  
14 adult's residence homestead, except that only \$5,000 [~~\$10,000~~] of  
15 the exemption applies [~~does not apply~~] to an entity operating under  
16 former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those  
17 chapters existed on May 1, 1995, as permitted by Section 11.301,  
18 Education Code.

19 SECTION 2. Section 11.26(a), Tax Code, is amended to read as  
20 follows:

21 (a) The tax officials shall appraise the property to which  
22 this section applies and calculate taxes as on other property, but  
23 if the tax so calculated exceeds the limitation imposed by this  
24 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 2014 [~~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 2013 [~~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 2014 [~~1997~~] tax year, plus any 2014 [~~1997~~] tax attributable to

1 improvements made in 2013 [~~1996~~], other than improvements made to  
2 comply with governmental regulations or repairs.

3 SECTION 3. Subchapter E, Chapter 42, Education Code, is  
4 amended by adding Section 42.2512 to read as follows:

5 Sec. 42.2512. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.

6 (a) Notwithstanding Section 42.2516 or any other provision of this  
7 chapter, a school district is entitled to additional state aid to  
8 the extent that state aid under this chapter based on the  
9 determination of the school district's taxable value of property as  
10 provided under Subchapter M, Chapter 403, Government Code, does not  
11 fully compensate the district for ad valorem tax revenue lost due to  
12 the increase in the homestead exemption under Section 1-b(c),  
13 Article VIII, Texas Constitution, as proposed by the joint  
14 resolution to amend that section adopted by the 83rd Legislature,  
15 Regular Session, 2013, and the additional limitation on tax  
16 increases under Section 1-b(d), Article VIII, Texas Constitution,  
17 as proposed by the joint resolution to amend that section adopted by  
18 the 83rd Legislature, Regular Session, 2013.

19 (b) The commissioner, using information provided by the  
20 comptroller, shall compute the amount of additional state aid to  
21 which a district is entitled under Subsection (a). A determination  
22 by the commissioner under this section is final and may not be  
23 appealed.

24 (c) Notwithstanding any other provision of this chapter, in  
25 computing state aid for the 2014-2015 school year, a school  
26 district's taxable value of property under Subchapter M, Chapter  
27 403, Government Code, is determined as if the increase in the

1 homestead exemption under Section 1-b(c), Article VIII, Texas  
2 Constitution, as proposed by the joint resolution to amend that  
3 section adopted by the 83rd Legislature, Regular Session, 2013, and  
4 the additional limitation on tax increases under Section 1-b(d),  
5 Article VIII, Texas Constitution, as proposed by the joint  
6 resolution to amend that section adopted by the 83rd Legislature,  
7 Regular Session, 2013, had been in effect for the 2013 tax year.  
8 This subsection expires September 1, 2016.

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

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

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

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

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

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

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

1           (4) 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 83rd Legislature, Regular Session, 2013.

9           SECTION 5. The changes in law made by this Act to Sections  
10 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that  
11 begins on or after January 1, 2014.

12           SECTION 6. This Act takes effect January 1, 2014, but only  
13 if the constitutional amendment proposed by the 83rd Legislature,  
14 Regular Session, 2013, increasing the amount of the residence  
15 homestead exemption from ad valorem taxation for public school  
16 purposes from \$15,000 to \$45,000 and providing for a reduction of  
17 the limitation on the total amount of ad valorem taxes that may be  
18 imposed for those purposes on the homestead of an elderly or  
19 disabled person to reflect the increased exemption amount is  
20 approved by the voters. If that constitutional amendment is not  
21 approved by the voters, this Act has no effect.