

By: Schofield

H.B. No. 3570

A BILL TO BE ENTITLED

1 AN ACT
2 relating to an exemption from ad valorem taxation by a school
3 district of a percentage, rather than a dollar amount, of the
4 appraised value of a residence homestead, a reduction of the
5 limitation on the total amount of ad valorem taxes that may be
6 imposed by a school district on the homestead of an elderly or
7 disabled person to reflect any increase in the exemption amount,
8 and the protection of school districts against the resulting loss
9 in local revenue.

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

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

13 (b) An adult is entitled to exemption from taxation by a
14 school district of 7.5 percent [~~\$15,000~~] of the appraised value of
15 the adult's residence homestead, except that only \$5,000 [~~\$10,000~~]
16 of the exemption applies [~~does not apply~~] to an entity operating
17 under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as
18 those chapters existed on May 1, 1995, as permitted by Section
19 11.301, Education Code.

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

22 (a) The tax officials shall appraise the property to which
23 this section applies and calculate taxes as on other property, but
24 if the tax so calculated exceeds the limitation imposed by this

1 section, the tax imposed is the amount of the tax as limited by this
2 section, except as otherwise provided by this section. A school
3 district may not increase the total annual amount of ad valorem tax
4 it imposes on the residence homestead of an individual 65 years of
5 age or older or on the residence homestead of an individual who is
6 disabled, as defined by Section 11.13, above the amount of the tax
7 it imposed in the first tax year in which the individual qualified
8 that residence homestead for the applicable exemption provided by
9 Section 11.13(c) for an individual who is 65 years of age or older
10 or is disabled. If the individual qualified that residence
11 homestead for the exemption after the beginning of that first year
12 and the residence homestead remains eligible for the same exemption
13 for the next year, and if the school district taxes imposed on the
14 residence homestead in the next year are less than the amount of
15 taxes imposed in that first year, a school district may not
16 subsequently increase the total annual amount of ad valorem taxes
17 it imposes on the residence homestead above the amount it imposed in
18 the year immediately following the first year for which the
19 individual qualified that residence homestead for the same
20 exemption, except as provided by Subsection (b). If the first tax
21 year the individual qualified the residence homestead for the
22 exemption provided by Section 11.13(c) for individuals 65 years of
23 age or older was a tax year before the 1997 tax year, the amount of
24 the limitation provided by this section is the amount of tax the
25 school district imposed for the 1996 tax year less an amount equal
26 to the amount determined by multiplying \$10,000 times the tax rate
27 of the school district for the 1997 tax year, plus any 1997 tax

1 attributable to improvements made in 1996, other than improvements
2 made to comply with governmental regulations or repairs. If the
3 first tax year the individual qualified the residence homestead for
4 the exemption provided by Section 11.13(c) for individuals 65 years
5 of age or older or disabled was a tax year before the 2016 tax year
6 and the appraised value of the homestead for the 2016 tax year is
7 more than \$200,000, the amount of the limitation provided by this
8 section is the amount of tax the school district imposed for the
9 2015 tax year, less an amount equal to the amount computed by
10 subtracting \$15,000 from an amount equal to 7.5 percent of the
11 appraised value of the homestead for the 2016 tax year and
12 multiplying that amount by the tax rate of the school district for
13 the 2016 tax year, plus any 2016 tax attributable to improvements
14 made in 2015, other than improvements made to comply with
15 governmental regulations or repairs. Except as provided by
16 Subsection (b), a limitation on tax increases provided by this
17 section on a residence homestead computed under this subsection
18 continues to apply to the homestead in subsequent tax years until
19 the limitation expires.

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

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

23 (a) Notwithstanding Section 42.2516 or any other provision of this
24 chapter, a school district is entitled to additional state aid to
25 the extent that state aid under this chapter based on the
26 determination of the school district's taxable value of property as
27 provided under Subchapter M, Chapter 403, Government Code, does not

1 fully compensate the district for ad valorem tax revenue lost due to
2 any increase in the homestead exemption under Section 1-b(c),
3 Article VIII, Texas Constitution, as proposed by the joint
4 resolution to amend that section adopted by the 84th Legislature,
5 Regular Session, 2015, and any additional limitation on tax
6 increases under Section 1-b(d), Article VIII, Texas Constitution,
7 as proposed by the joint resolution to amend that section adopted by
8 the 84th Legislature, Regular Session, 2015.

9 (b) The commissioner, using information provided by the
10 comptroller, shall compute the amount of additional state aid to
11 which a district is entitled under Subsection (a). A determination
12 by the commissioner under this section is final and may not be
13 appealed.

14 (c) Notwithstanding any other provision of this chapter, in
15 computing state aid for the 2016-2017 school year, a school
16 district's taxable value of property under Subchapter M, Chapter
17 403, Government Code, is determined as if any increase in the
18 homestead exemption under Section 1-b(c), Article VIII, Texas
19 Constitution, as proposed by the joint resolution to amend that
20 section adopted by the 84th Legislature, Regular Session, 2015, and
21 any additional limitation on tax increases under Section 1-b(d),
22 Article VIII, Texas Constitution, as proposed by the joint
23 resolution to amend that section adopted by the 84th Legislature,
24 Regular Session, 2015, had been in effect for the 2015 tax year.
25 This subsection expires September 1, 2018.

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

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

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

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

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

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

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

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

20 (A) a residence homestead exemption under
21 Section 1-b(c), Article VIII, Texas Constitution, of 7.5 percent of
22 the market value of the homestead; and

23 (B) the effect of any additional limitation on
24 tax increases under Section 1-b(d), Article VIII, Texas
25 Constitution, as proposed by the joint resolution to amend that
26 section adopted by the 84th Legislature, Regular Session, 2015.

27 SECTION 5. The changes in law made by this Act to Sections

1 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
2 begins on or after January 1, 2016.

3 SECTION 6. This Act takes effect January 1, 2016, but only
4 if the constitutional amendment proposed by the 84th Legislature,
5 Regular Session, 2015, providing for an exemption from ad valorem
6 taxation for public school purposes of 7.5 percent, rather than
7 \$15,000, of the market value of a residence homestead and providing
8 for a reduction of the limitation on the total amount of ad valorem
9 taxes that may be imposed for those purposes on the homestead of an
10 elderly or disabled person to reflect any increased exemption
11 amount is approved by the voters. If that constitutional amendment
12 is not approved by the voters, this Act has no effect.