

By: Nelson, et al.

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

relating to certain restrictions on the imposition of ad valorem taxes and to the duty of the state to reimburse certain political subdivisions for certain revenue loss.

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

SECTION 1. Section 11.13, Tax Code, is amended by amending Subsection (b) and adding Subsections (b-1) and (n-1) to read as follows:

(b) An adult is entitled to exemption from taxation by a school district of a portion [~~\$15,000~~] of the appraised value of the adult's residence homestead equal to 25 percent of the median market value of all residence homesteads in the state, 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. For purposes of this subsection, the Legislative Budget Board shall determine the median market value of all residence homesteads in the state in each tax year on the basis of the market value of all residence homesteads in the state in the preceding tax year as determined by the appraisal districts in the state and shall publish that value in the Texas Register not later than February 1.

(b-1) Notwithstanding Subsection (b), for purposes of computing the amount of the exemption under that subsection for the

1 2015 tax year, the Legislative Budget Board shall determine the  
2 median market value of all residence homesteads in the state in the  
3 manner provided by that subsection and publish that value in the  
4 Texas Register not later than August 1, 2015. This subsection  
5 expires December 31, 2016.

6 (n-1) The governing body of a taxing unit that adopted an  
7 exemption under Subsection (n) for the 2014 tax year may not reduce  
8 the amount of or repeal the exemption. This subsection expires  
9 December 31, 2024.

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

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

1 residence homestead in the next year are less than the amount of  
2 taxes imposed in that first year, a school district may not  
3 subsequently increase the total annual amount of ad valorem taxes  
4 it imposes on the residence homestead above the amount it imposed in  
5 the year immediately following the first year for which the  
6 individual qualified that residence homestead for the same  
7 exemption, except as provided by Subsection (b). If the first tax  
8 year the individual qualified the residence homestead for the  
9 exemption provided by Section 11.13(c) for individuals 65 years of  
10 age or older or disabled was a tax year before the 2015 [~~1997~~] tax  
11 year, the amount of the limitation provided by this section is the  
12 amount of tax the school district imposed for the 2014 [~~1996~~] tax  
13 year less an amount equal to the amount determined by subtracting  
14 \$15,000 from the amount of the exemption under Section 11.13(b) for  
15 the 2015 tax year and multiplying that amount by [~~\$10,000 times~~] the  
16 tax rate of the school district for the 2015 [~~1997~~] tax year, plus  
17 any 2015 [~~1997~~] tax attributable to improvements made in 2014  
18 [~~1996~~], other than improvements made to comply with governmental  
19 regulations or repairs.

20 SECTION 3. Section 25.23, Tax Code, is amended by adding  
21 Subsection (a-1) to read as follows:

22 (a-1) This subsection applies only to the appraisal records  
23 for the 2015 tax year. If the appraisal records submitted to the  
24 appraisal review board include the taxable value of residence  
25 homesteads or show the amount of the exemption under Section  
26 11.13(b) applicable to residence homesteads, the chief appraiser  
27 shall prepare supplemental appraisal records that reflect the

1 amount of the exemption as published by the Legislative Budget  
2 Board under Section 11.13(b-1). This subsection expires December  
3 31, 2016.

4 SECTION 4. Section 26.04, Tax Code, is amended by adding  
5 Subsections (a-1) and (c-1) to read as follows:

6 (a-1) On receipt of the appraisal roll for the 2015 tax  
7 year, the assessor for a school district shall determine the total  
8 taxable value of property taxable by the school district and the  
9 taxable value of new property based on a residence homestead  
10 exemption under Section 11.13(b) of \$15,000 and an exemption under  
11 that subsection of the amount published by the Legislative Budget  
12 Board under Section 11.13(b-1). This subsection expires December  
13 31, 2016.

14 (c-1) An officer or employee designated by the governing  
15 body of a school district shall calculate the effective tax rate and  
16 the rollback tax rate of the school district for the 2015 tax year  
17 based on a residence homestead exemption under Section 11.13(b) of  
18 \$15,000 and an exemption under that subsection of the amount  
19 published by the Legislative Budget Board under Section 11.13(b-1).  
20 This subsection expires December 31, 2016.

21 SECTION 5. Section 26.05, Tax Code, is amended by adding  
22 Subsection (a-1) to read as follows:

23 (a-1) Notwithstanding Subsection (a), the governing body of  
24 a taxing unit shall adopt a tax rate for the 2015 tax year before the  
25 later of October 31, 2015, or the 60th day after the date the  
26 certified appraisal roll is received by the taxing unit. This  
27 subsection expires December 31, 2016.

1 SECTION 6. Section 31.01, Tax Code, is amended by adding  
2 Subsection (a-1) to read as follows:

3 (a-1) Notwithstanding Subsection (a), the assessor for a  
4 school district shall mail the tax bill for the taxes imposed by the  
5 school district for the 2015 tax year on a residence homestead that  
6 qualifies for a tax limitation as provided by Section 11.26 by  
7 December 1, 2015, or as soon thereafter as practicable. This  
8 subsection expires December 31, 2016.

9 SECTION 7. Subchapter A, Chapter 41, Education Code, is  
10 amended by adding Section 41.0011 to read as follows:

11 Sec. 41.0011. COMPUTATION OF WEALTH PER STUDENT FOR  
12 2015-2016 SCHOOL YEAR. Notwithstanding any other provision of this  
13 chapter, in computing a school district's wealth per student for  
14 the 2015-2016 school year, a school district's taxable value of  
15 property under Subchapter M, Chapter 403, Government Code, is  
16 determined as if the increase in the residence homestead exemption  
17 under Section 1-b(c), Article VIII, Texas Constitution, and the  
18 additional limitation on tax increases under Section 1-b(d) of that  
19 article in effect for the 2015 tax year as proposed by S.J.R. 1,  
20 84th Legislature, Regular Session, 2015, had been in effect for the  
21 2014 tax year. This section expires September 1, 2016.

22 SECTION 8. Section 41.004, Education Code, is amended by  
23 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

24 (a-1) This subsection applies only if the constitutional  
25 amendment proposed by S.J.R. 1, 84th Legislature, Regular Session,  
26 2015, is approved by the voters in an election held for that  
27 purpose. As soon as practicable after receiving revised property

1 values that reflect adoption of the constitutional amendment, the  
2 commissioner shall review the wealth per student of districts in  
3 the state and revise as necessary the notifications provided under  
4 Subsection (a) for the 2015-2016 school year.

5 (b-1) This subsection applies only to a district that has  
6 not previously held an election under this chapter and is not  
7 eligible to reduce the district's wealth per student in the manner  
8 authorized by Section 41.0041. Notwithstanding Subsection (b), a  
9 district that enters into an agreement to exercise an option to  
10 reduce the district's wealth per student under Section 41.003(3),  
11 (4), or (5) for the 2015-2016 school year may request and, as  
12 provided by Section 41.0042(a), receive approval from the  
13 commissioner to delay the date of the election otherwise required  
14 to be ordered before September 1. This subsection expires  
15 September 1, 2016.

16 (c-1) Notwithstanding Subsection (c), a district that  
17 receives approval from the commissioner to delay an election as  
18 provided by Subsection (b-1) may adopt a tax rate for the 2015 tax  
19 year before the commissioner certifies that the district has  
20 achieved the equalized wealth level. This subsection expires  
21 September 1, 2016.

22 SECTION 9. Subchapter A, Chapter 41, Education Code, is  
23 amended by adding Section 41.0042 to read as follows:

24 Sec. 41.0042. TRANSITIONAL PROVISIONS: INCREASED  
25 HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The  
26 commissioner shall approve a district's request under Section  
27 41.004(b-1) to delay the date of an election required under this

1 chapter if the commissioner determines that the district would not  
2 have a wealth per student that exceeds the equalized wealth level  
3 if:

4 (1) the constitutional amendment proposed by S.J.R. 1,  
5 84th Legislature, Regular Session, 2015, were approved by the  
6 voters; and

7 (2) the effect of the amendment specified in  
8 Subdivision (1) were determined using the median market value of  
9 all residence homesteads in the state in the 2014 tax year, as  
10 determined by the Legislative Budget Board in accordance with  
11 Section 11.13(b-1), Tax Code.

12 (b) The commissioner shall set a date by which each district  
13 that receives approval under this section must order the election.

14 (c) Not later than the 2016-2017 school year, the  
15 commissioner shall order detachment and annexation of property  
16 under Subchapter G or consolidation under Subchapter H as necessary  
17 to achieve the equalized wealth level for a district that receives  
18 approval under this section and subsequently:

19 (1) fails to hold the election; or

20 (2) does not receive voter approval at the election.

21 (d) This section expires September 1, 2017.

22 SECTION 10. Subchapter A, Chapter 41, Education Code, is  
23 amended by adding Section 41.0121 to read as follows:

24 Sec. 41.0121. TRANSITIONAL ELECTION DATES. (a) This  
25 section applies only to an election under this chapter that occurs  
26 during the 2015-2016 school year.

27 (b) Section 41.012 does not apply to a district that

1 receives approval of a request under Section 41.0042. The district  
2 shall hold the election on a Tuesday or Saturday on or before a date  
3 specified by the commissioner. Section 41.001, Election Code, does  
4 not apply to the election.

5 (c) This section expires September 1, 2016.

6 SECTION 11. Section 41.094, Education Code, is amended by  
7 adding Subsection (a-1) to read as follows:

8 (a-1) Notwithstanding Subsection (a), a district that  
9 receives approval of a request under Section 41.0042 shall pay for  
10 credits purchased in equal monthly payments as determined by the  
11 commissioner beginning March 15, 2016, and ending August 15, 2016.  
12 This subsection expires September 1, 2016.

13 SECTION 12. Subchapter D, Chapter 41, Education Code, is  
14 amended by adding Section 41.0981 to read as follows:

15 Sec. 41.0981. TRANSITIONAL EARLY AGREEMENT CREDIT.  
16 Notwithstanding Section 41.098, a district that receives approval  
17 of a request under Section 41.0042 may receive the early agreement  
18 credit described by Section 41.098 for the 2015-2016 school year if  
19 the district orders the election and obtains voter approval not  
20 later than the date specified by the commissioner. This section  
21 expires September 1, 2016.

22 SECTION 13. Section 41.208, Education Code, is amended by  
23 adding Subsection (a-1) to read as follows:

24 (a-1) Notwithstanding Subsection (a), for the 2015-2016  
25 school year, the commissioner shall order any detachments and  
26 annexations of property under this subchapter as soon as  
27 practicable after the canvass of the votes on the constitutional



1 amendment proposed by S.J.R. 1, 84th Legislature, Regular Session,  
2 2015. This subsection expires September 1, 2016.

3 SECTION 14. Subchapter E, Chapter 42, Education Code, is  
4 amended by adding Section 42.2518 to read as follows:

5 Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
6 AND LIMITATION ON TAX INCREASES. (a) For the 2015-2016 and  
7 2016-2017 school years, a school district is entitled to additional  
8 state aid to the extent that state and local revenue under this  
9 chapter and Chapter 41 is less than the state and local revenue that  
10 would have been available to the district under Chapter 41 and this  
11 chapter as those chapters existed on September 1, 2015, if the  
12 increase in the residence homestead exemption under Section 1-b(c),  
13 Article VIII, Texas Constitution, and the additional limitation on  
14 tax increases under Section 1-b(d) of that article in effect for the  
15 applicable tax year as proposed by S.J.R. 1, 84th Legislature,  
16 Regular Session, 2015, had not occurred.

17 (b) The lesser of the school district's currently adopted  
18 maintenance and operations tax rate or the adopted maintenance and  
19 operations tax rate for the 2014 tax year is used for the purpose of  
20 determining additional state aid under this section.

21 (c) Revenue from a school district maintenance and  
22 operations tax that is levied to pay costs of a lease-purchase  
23 agreement as described by Section 46.004 and that is included in  
24 determining state assistance under Subchapter A, Chapter 46, is  
25 included for the purpose of calculating state aid under this  
26 section.

27 (d) The commissioner, using information provided by the

1 comptroller and other information as necessary, shall compute the  
2 amount of additional state aid to which a district is entitled under  
3 this section. A determination by the commissioner under this  
4 section is final and may not be appealed.

5 (e) This section expires August 31, 2017.

6 SECTION 15. Effective September 1, 2017, Subchapter E,  
7 Chapter 42, Education Code, is amended by adding Section 42.2518 to  
8 read as follows:

9 Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
10 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2017-2018  
11 school year, a school district is entitled to additional state aid  
12 to the extent that state and local revenue under this chapter and  
13 Chapter 41 is less than the state and local revenue that would have  
14 been available to the district under Chapter 41 and this chapter as  
15 those chapters existed on September 1, 2015, excluding any state  
16 aid that would have been provided under former Section 42.2516, if  
17 the increase in the residence homestead exemption under Section  
18 1-b(c), Article VIII, Texas Constitution, and the additional  
19 limitation on tax increases under Section 1-b(d) of that article in  
20 effect for the applicable tax year as proposed by S.J.R. 1, 84th  
21 Legislature, Regular Session, 2015, had not occurred.

22 (b) The lesser of the school district's currently adopted  
23 maintenance and operations tax rate or the adopted maintenance and  
24 operations tax rate for the 2014 tax year is used for the purpose of  
25 determining additional state aid under this section.

26 (c) Revenue from a school district maintenance and  
27 operations tax that is levied to pay costs of a lease-purchase

1 agreement as described by Section 46.004 and that is included in  
2 determining state assistance under Subchapter A, Chapter 46, is  
3 included for the purpose of calculating state aid under this  
4 section.

5 (d) The commissioner, using information provided by the  
6 comptroller and other information as necessary, shall compute the  
7 amount of additional state aid to which a district is entitled under  
8 this section. A determination by the commissioner under this  
9 section is final and may not be appealed.

10 SECTION 16. Section 42.252, Education Code, is amended by  
11 adding Subsection (e) to read as follows:

12 (e) Notwithstanding any other provision of this chapter, in  
13 computing each school district's local share of program cost under  
14 this section for the 2015-2016 school year, a school district's  
15 taxable value of property under Subchapter M, Chapter 403,  
16 Government Code, is determined as if the increase in the residence  
17 homestead exemption under Section 1-b(c), Article VIII, Texas  
18 Constitution, and the additional limitation on tax increases under  
19 Section 1-b(d) of that article in effect for the 2015 tax year as  
20 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
21 been in effect for the 2014 tax year. This subsection expires  
22 September 1, 2016.

23 SECTION 17. Section 42.302, Education Code, is amended by  
24 adding Subsection (g) to read as follows:

25 (g) Notwithstanding any other provision of this chapter, in  
26 computing a school district's enrichment tax rate ("DTR") and local  
27 revenue ("LR") for the 2015-2016 school year, a school district's

1 taxable value of property under Subchapter M, Chapter 403,  
2 Government Code, is determined as if the increase in the residence  
3 homestead exemption under Section 1-b(c), Article VIII, Texas  
4 Constitution, and the additional limitation on tax increases under  
5 Section 1-b(d) of that article in effect for the 2015 tax year as  
6 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
7 been in effect for the 2014 tax year. This subsection expires  
8 September 1, 2016.

9 SECTION 18. Section 46.003, Education Code, is amended by  
10 adding Subsection (i) to read as follows:

11 (i) Notwithstanding any other provision of this chapter, in  
12 computing a district's bond tax rate ("BTR") and taxable value of  
13 property ("DPV") for the 2015-2016 school year, a school district's  
14 taxable value of property under Subchapter M, Chapter 403,  
15 Government Code, is determined as if the increase in the residence  
16 homestead exemption under Section 1-b(c), Article VIII, Texas  
17 Constitution, and the additional limitation on tax increases under  
18 Section 1-b(d) of that article in effect for the 2015 tax year as  
19 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
20 been in effect for the 2014 tax year. This subsection expires  
21 September 1, 2016.

22 SECTION 19. Section 46.032, Education Code, is amended by  
23 adding Subsection (d) to read as follows:

24 (d) Notwithstanding any other provision of this chapter, in  
25 computing a district's existing debt tax rate ("EDTR") and taxable  
26 value of property ("DPV") for the 2015-2016 school year, a school  
27 district's taxable value of property under Subchapter M, Chapter

1 403, Government Code, is determined as if the increase in the  
2 residence homestead exemption under Section 1-b(c), Article VIII,  
3 Texas Constitution, and the additional limitation on tax increases  
4 under Section 1-b(d) of that article in effect for the 2015 tax year  
5 as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015,  
6 had been in effect for the 2014 tax year. This subsection expires  
7 September 1, 2016.

8 SECTION 20. Chapter 46, Education Code, is amended by  
9 adding Subchapter D to read as follows:

10 SUBCHAPTER D. STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON  
11 TAX INCREASES

12 Sec. 46.071. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
13 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2015-2016  
14 school year, a school district is entitled to additional state aid  
15 under this subchapter to the extent that state and local revenue  
16 used to service debt eligible under this chapter is less than the  
17 state and local revenue that would have been available to the  
18 district under this chapter as it existed on September 1, 2015, if  
19 the increase in the residence homestead exemption under Section  
20 1-b(c), Article VIII, Texas Constitution, and the additional  
21 limitation on tax increases under Section 1-b(d) of that article in  
22 effect for the applicable tax year as proposed by S.J.R. 1, 84th  
23 Legislature, Regular Session, 2015, had not occurred.

24 (b) Subject to Subsections (c)-(e), additional state aid  
25 under this section is equal to the amount by which the loss of local  
26 interest and sinking revenue for debt service attributable to the  
27 increase in the residence homestead exemption under Section 1-b(c),

1 Article VIII, Texas Constitution, and the additional limitation on  
2 tax increases under Section 1-b(d) of that article in effect for the  
3 applicable tax year as proposed by S.J.R. 1, 84th Legislature,  
4 Regular Session, 2015, is not offset by a gain in state aid under  
5 this chapter.

6 (c) For the purpose of determining state aid under this  
7 section, local interest and sinking revenue for debt service is  
8 limited to revenue required to service debt eligible under this  
9 chapter as of September 1, 2015, including refunding of that debt,  
10 subject to Section 46.061. The limitation imposed by Section  
11 46.034(a) does not apply for the purpose of determining state aid  
12 under this section.

13 (d) If the amount required to pay debt service eligible  
14 under this section is less than the sum of state and local  
15 assistance provided under this chapter, including the amount of  
16 additional aid provided under this section, the district may not  
17 receive aid under this section in excess of the amount that, when  
18 added to the district's local interest and sinking revenue for debt  
19 service for the school year, as defined by this section, and state  
20 aid under Subchapters A and B, equals the amount required to pay the  
21 eligible debt service.

22 (e) The commissioner, using information provided by the  
23 comptroller and other information as necessary, shall compute the  
24 amount of additional state aid to which a district is entitled under  
25 this section. A determination by the commissioner under this  
26 section is final and may not be appealed.

27 SECTION 21. Section 403.302(j), Government Code, is amended

1 to read as follows:

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

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

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

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

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

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

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

21 (A) the amount of the residence homestead  
22 exemption under Section 1-b(c), Article VIII, Texas Constitution,  
23 in effect for the applicable tax year; 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 S.J.R. 1, 84th Legislature, Regular  
27 Session, 2015.

1           SECTION 22. This Act applies to each tax year that begins on  
2 or after January 1, 2015.

3           SECTION 23. (a) Except as provided by Subsection (b) of  
4 this section or as otherwise provided by this Act:

5                   (1) this Act takes effect on the date on which the  
6 constitutional amendment proposed by S.J.R. 1, 84th Legislature,  
7 Regular Session, 2015, takes effect; and

8                   (2) if that amendment is not approved by the voters,  
9 this Act has no effect.

10           (b) Sections 11.13(b-1), 25.23(a-1), 26.04(a-1) and (c-1),  
11 and 31.01(a-1), Tax Code, and Sections 41.004(a-1), (b-1), and  
12 (c-1), 41.0042, 41.0121, 41.094(a-1), and 41.0981, Education Code,  
13 as added by this Act, take effect immediately if this Act receives a  
14 vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for those sections to have  
17 immediate effect, those sections take effect on the 91st day after  
18 the last day of the legislative session.