

By: White

H.B. No. 288

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an exemption from ad valorem taxation by a school
3 district of a portion of the appraised value of a residence
4 homestead based on the median market value of all residence
5 homesteads in this state, a reduction of the limitation on the total
6 amount of ad valorem taxes that may be imposed by a school district
7 on the homestead of an elderly or disabled person to reflect any
8 increase in the exemption amount, and the protection of school
9 districts against any resulting loss 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 a portion [~~\$25,000~~] of the appraised value of the
15 adult's residence homestead equal to 25 percent of the highest
16 median market value for any tax year beginning with the 2017 tax
17 year of all residence homesteads in the state, except that only
18 \$5,000 of the exemption applies to an entity operating under former
19 Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters
20 existed on May 1, 1995, as permitted by Section 11.301, Education
21 Code. For purposes of this subsection, not later than March 1 of
22 each year the Legislative Budget Board shall determine the median
23 market value of all residence homesteads in the state as of the
24 preceding tax year and publish in the Texas Register the highest

1 median market value for any preceding tax year beginning with the
2 2017 tax year of all residence homesteads in the state. The
3 Legislative Budget Board shall make the determination based on
4 information provided to the board by each appraisal district. Each
5 appraisal district shall provide to the Legislative Budget Board
6 the information requested by the board that the board determines to
7 be necessary to make the determination.

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

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

1 subsequently increase the total annual amount of ad valorem taxes
2 it imposes on the residence homestead above the amount it imposed in
3 the year immediately following the first year for which the
4 individual qualified that residence homestead for the same
5 exemption, except as provided by Subsection (b). If the first tax
6 year the individual qualified the residence homestead for the
7 exemption provided by Section 11.13(c) for individuals 65 years of
8 age or older or disabled was a tax year before the 2018 [~~2015~~] tax
9 year, the amount of the limitation provided by this section is the
10 amount of tax the school district imposed for the 2017 [~~2014~~] tax
11 year less an amount equal to the amount determined by subtracting
12 \$25,000 from the amount of the exemption under Section 11.13(b) for
13 the 2018 tax year and multiplying that amount by [~~\$10,000 times~~] the
14 tax rate of the school district for the 2018 [~~2015~~] tax year, plus
15 any 2018 [~~2015~~] tax attributable to improvements made in 2017
16 [~~2014~~], other than improvements made to comply with governmental
17 regulations or repairs.

18 SECTION 3. Subchapter A, Chapter 41, Education Code, is
19 amended by adding Section 41.0011 to read as follows:

20 Sec. 41.0011. COMPUTATION OF WEALTH PER STUDENT FOR
21 2018-2019 SCHOOL YEAR. Notwithstanding any other provision of
22 this chapter, in computing a school district's wealth per student
23 for the 2018-2019 school year, a school district's taxable value of
24 property under Subchapter M, Chapter 403, Government Code, is
25 determined as if any change in the amount of the residence homestead
26 exemption under Section 1-b(c), Article VIII, Texas Constitution,
27 and any additional limitation on tax increases under Section 1-b(d)

1 of that article in effect for the 2018 tax year as proposed by the
2 85th Legislature, 1st Called Session, 2017, had been in effect for
3 the 2017 tax year. This section expires September 1, 2019.

4 SECTION 4. Section 42.2518, Education Code, as effective
5 September 1, 2017, is amended by amending Subsections (a) and (b)
6 and adding Subsection (a-1) to read as follows:

7 (a) For ~~Beginning with~~ the 2017-2018 school year, a school
8 district is entitled to additional state aid to the extent that
9 state and local revenue under this chapter and Chapter 41 is less
10 than the state and local revenue that would have been available to
11 the district under Chapter 41 and this chapter as those chapters
12 existed on September 1, 2015, excluding any state aid that would
13 have been provided under former Section 42.2516, if the increase in
14 the residence homestead exemption under Section 1-b(c), Article
15 VIII, Texas Constitution, and the additional limitation on tax
16 increases under Section 1-b(d) of that article as proposed by
17 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not
18 occurred.

19 (a-1) Beginning with the 2018-2019 school year, a school
20 district is entitled to additional state aid to the extent that
21 state and local revenue under this chapter and Chapter 41 is less
22 than the state and local revenue that would have been available to
23 the district under Chapter 41 and this chapter as those chapters
24 existed on September 1, 2017, if any change in the amount of the
25 residence homestead exemption under Section 1-b(c), Article VIII,
26 Texas Constitution, as proposed by the joint resolution to amend
27 that subsection adopted by the 85th Legislature, 1st Called

1 Session, 2017, and any additional limitation on tax increases under
2 Section 1-b(d) of that article as proposed by the joint resolution
3 to amend that subsection adopted by the 85th Legislature, 1st
4 Called Session, 2017, had not occurred.

5 (b) The lesser of the school district's currently adopted
6 maintenance and operations tax rate or the adopted maintenance and
7 operations tax rate for:

8 (1) the 2014 tax year is used for the purpose of
9 determining additional state aid under Subsection (a); and

10 (2) the 2017 tax year is used for the purpose of
11 determining additional state aid under Subsection (a-1) [~~this~~
12 ~~section~~].

13 SECTION 5. Section 42.252, Education Code, is amended by
14 adding Subsection (e) to read as follows:

15 (e) Notwithstanding any other provision of this chapter, in
16 computing each school district's local share of program cost under
17 this section for the 2018-2019 school year, a school district's
18 taxable value of property under Subchapter M, Chapter 403,
19 Government Code, is determined as if any change in the amount of the
20 residence homestead exemption under Section 1-b(c), Article VIII,
21 Texas Constitution, and any additional limitation on tax increases
22 under Section 1-b(d) of that article in effect for the 2018 tax year
23 as proposed by the 85th Legislature, 1st Called Session, 2017, had
24 been in effect for the 2017 tax year. This subsection expires
25 September 1, 2019.

26 SECTION 6. Section 42.302, Education Code, is amended by
27 adding Subsection (g) to read as follows:

1 (g) Notwithstanding any other provision of this chapter, in
2 computing a school district's enrichment tax rate ("DTR") and local
3 revenue ("LR") for the 2018-2019 school year, a school district's
4 taxable value of property under Subchapter M, Chapter 403,
5 Government Code, is determined as if any change in the amount of the
6 residence homestead exemption under Section 1-b(c), Article VIII,
7 Texas Constitution, and any additional limitation on tax increases
8 under Section 1-b(d) of that article in effect for the 2018 tax year
9 as proposed by the 85th Legislature, 1st Called Session, 2017, had
10 been in effect for the 2017 tax year. This subsection expires
11 September 1, 2019.

12 SECTION 7. Section 46.003, Education Code, is amended by
13 adding Subsection (i) to read as follows:

14 (i) Notwithstanding any other provision of this chapter, in
15 computing a district's bond tax rate ("BTR") and taxable value of
16 property ("DPV") for the 2018-2019 school year, a school district's
17 taxable value of property under Subchapter M, Chapter 403,
18 Government Code, is determined as if any change in the amount of
19 the residence homestead exemption under Section 1-b(c), Article
20 VIII, Texas Constitution, and any additional limitation on tax
21 increases under Section 1-b(d) of that article in effect for the
22 2018 tax year as proposed by the 85th Legislature, 1st Called
23 Session, 2017, had been in effect for the 2017 tax year. This
24 subsection expires September 1, 2019.

25 SECTION 8. Section 46.032, Education Code, is amended by
26 adding Subsection (d) to read as follows:

27 (d) Notwithstanding any other provision of this chapter, in

1 computing a district's existing debt tax rate ("EDTR") and taxable
2 value of property ("DPV") for the 2018-2019 school year, a school
3 district's taxable value of property under Subchapter M, Chapter
4 403, Government Code, is determined as if any change in the amount
5 of the residence homestead exemption under Section 1-b(c), Article
6 VIII, Texas Constitution, and any additional limitation on tax
7 increases under Section 1-b(d) of that article in effect for the
8 2018 tax year as proposed by the 85th Legislature, 1st Called
9 Session, 2017, had been in effect for the 2017 tax year. This
10 subsection expires September 1, 2019.

11 SECTION 9. Section 46.071, Education Code, is amended by
12 amending Subsections (a), (b), and (c) and adding Subsections
13 (a-1), (b-1), and (c-1) to read as follows:

14 (a) Beginning with the 2015-2016 school year and continuing
15 through the 2017-2018 school year, a school district is entitled to
16 additional state aid under this subchapter to the extent that state
17 and local revenue used to service debt eligible under this chapter
18 is less than the state and local revenue that would have been
19 available to the district under this chapter as it existed on
20 September 1, 2015, if the increase in the residence homestead
21 exemption under Section 1-b(c), Article VIII, Texas Constitution,
22 and the additional limitation on tax increases under Section 1-b(d)
23 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
24 Session, 2015, had not occurred.

25 (a-1) Beginning with the 2018-2019 school year, a school
26 district is entitled to additional state aid under this subchapter
27 to the extent that state and local revenue used to service debt

1 eligible under this chapter is less than the state and local revenue
2 that would have been available to the district under this chapter as
3 it existed on September 1, 2017, if any change in the amount of the
4 residence homestead exemption under Section 1-b(c), Article VIII,
5 Texas Constitution, and any additional limitation on tax increases
6 under Section 1-b(d) of that article as proposed by the 85th
7 Legislature, 1st Called Session, 2017, had not occurred.

8 (b) Subject to Subsections (c), (d), and (e) [~~(c)-(e)~~],
9 additional state aid under this section through the 2017-2018
10 school year is equal to the amount by which the loss of local
11 interest and sinking revenue for debt service attributable to 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 as proposed by
15 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by
16 a gain in state aid under this chapter.

17 (b-1) Subject to Subsections (c-1), (d), and (e),
18 additional state aid under this section beginning with the
19 2018-2019 school year is equal to the amount by which the loss of
20 local interest and sinking revenue for debt service attributable to
21 any change in the amount of the residence homestead exemption under
22 Section 1-b(c), Article VIII, Texas Constitution, and any
23 additional limitation on tax increases under Section 1-b(d) of that
24 article as proposed by the 85th Legislature, 1st Called Session,
25 2017, is not offset by a gain in state aid under this chapter.

26 (c) For the purpose of determining state aid under
27 Subsections (a) and (b) [~~this section~~], local interest and sinking

1 revenue for debt service is limited to revenue required to service
2 debt eligible under this chapter as of September 1, 2015, including
3 refunding of that debt, subject to Section 46.061. The limitation
4 imposed by Section 46.034(a) does not apply for the purpose of
5 determining state aid under this section.

6 (c-1) For the purpose of determining state aid under
7 Subsections (a-1) and (b-1), local interest and sinking revenue for
8 debt service is limited to revenue required to service debt
9 eligible under this chapter as of September 1, 2017, including
10 refunding of that debt, subject to Section 46.061. The limitation
11 imposed by Section 46.034(a) does not apply for the purpose of
12 determining state aid under this section.

13 SECTION 10. The changes in law made by this Act to Sections
14 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
15 begins on or after January 1, 2018.

16 SECTION 11. This Act takes effect January 1, 2018, but only
17 if the constitutional amendment proposed by the 85th Legislature,
18 1st Called Session, 2017, providing for an exemption from ad
19 valorem taxation for public school purposes of a portion of the
20 market value of a residence homestead based on the median market
21 value of all residence homesteads in the state and providing for a
22 reduction of the limitation on the total amount of ad valorem taxes
23 that may be imposed for those purposes on the homestead of an
24 elderly or disabled person to reflect the increased exemption
25 amount is approved by the voters. If that constitutional amendment
26 is not approved by the voters, this Act has no effect.