

By: González of El Paso

H.B. No. 2865

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the provision of funding under the foundation school  
3 program on the basis of property values that do not take into  
4 account optional homestead exemptions.

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

6 SECTION 1. Section 7.062(c), Education Code, is amended to  
7 read as follows:

8 (c) Except as otherwise provided by this subsection, if the  
9 commissioner certifies that the amount appropriated for a state  
10 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds  
11 the amount to which school districts are entitled under those  
12 subchapters for that year, the commissioner shall use the excess  
13 funds, in an amount not to exceed \$20 million in any state fiscal  
14 year, for the purpose of making grants under this section. The use  
15 of excess funds under this subsection has priority over any  
16 provision of Chapter 42 that permits or directs the use of excess  
17 foundation school program funds, including Sections 42.2517,  
18 42.2521, [~~42.2522~~] and 42.2531. The commissioner is required to  
19 use excess funds as provided by this subsection only if the  
20 commissioner is not required to reduce the total amount of state  
21 funds allocated to school districts under Section 42.253(h).

22 SECTION 2. Sections 403.302(d), (e), (e-1), (i), and (m),  
23 Government Code, are amended to read as follows:

24 (d) For the purposes of this section, "taxable value" means

1 the market value of all taxable property less:

2 (1) the total dollar amount of any residence homestead  
3 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
4 Code, in the year that is the subject of the study for each school  
5 district;

6 ~~(2) [one-half of the total dollar amount of any~~  
7 ~~residence homestead exemptions granted under Section 11.13(n), Tax~~  
8 ~~Code, in the year that is the subject of the study for each school~~  
9 ~~district;~~

10 [~~3~~] the total dollar amount of any exemptions  
11 granted before May 31, 1993, within a reinvestment zone under  
12 agreements authorized by Chapter 312, Tax Code;

13 (3) [~~4~~] subject to Subsection (e), the total dollar  
14 amount of any captured appraised value of property that:

15 (A) is within a reinvestment zone created on or  
16 before May 31, 1999, or is proposed to be included within the  
17 boundaries of a reinvestment zone as the boundaries of the zone and  
18 the proposed portion of tax increment paid into the tax increment  
19 fund by a school district are described in a written notification  
20 provided by the municipality or the board of directors of the zone  
21 to the governing bodies of the other taxing units in the manner  
22 provided by former Section 311.003(e), Tax Code, before May 31,  
23 1999, and within the boundaries of the zone as those boundaries  
24 existed on September 1, 1999, including subsequent improvements to  
25 the property regardless of when made;

26 (B) generates taxes paid into a tax increment  
27 fund created under Chapter 311, Tax Code, under a reinvestment zone

1 financing plan approved under Section 311.011(d), Tax Code, on or  
2 before September 1, 1999; and

3 (C) is eligible for tax increment financing under  
4 Chapter 311, Tax Code;

5 (4) [~~5~~] the total dollar amount of any captured  
6 appraised value of property that:

7 (A) is within a reinvestment zone:

8 (i) created on or before December 31, 2008,  
9 by a municipality with a population of less than 18,000; and

10 (ii) the project plan for which includes  
11 the alteration, remodeling, repair, or reconstruction of a  
12 structure that is included on the National Register of Historic  
13 Places and requires that a portion of the tax increment of the zone  
14 be used for the improvement or construction of related facilities  
15 or for affordable housing;

16 (B) generates school district taxes that are paid  
17 into a tax increment fund created under Chapter 311, Tax Code; and

18 (C) is eligible for tax increment financing under  
19 Chapter 311, Tax Code;

20 (5) [~~6~~] the total dollar amount of any exemptions  
21 granted under Section 11.251 or 11.253, Tax Code;

22 (6) [~~7~~] the difference between the comptroller's  
23 estimate of the market value and the productivity value of land that  
24 qualifies for appraisal on the basis of its productive capacity,  
25 except that the productivity value estimated by the comptroller may  
26 not exceed the fair market value of the land;

27 (7) [~~8~~] the portion of the appraised value of

1 residence homesteads of individuals who receive a tax limitation  
2 under Section 11.26, Tax Code, on which school district taxes are  
3 not imposed in the year that is the subject of the study, calculated  
4 as if the residence homesteads were appraised at the full value  
5 required by law;

6 (8) [~~(9)~~] a portion of the market value of property  
7 not otherwise fully taxable by the district at market value because  
8 of:

9 (A) action required by statute or the  
10 constitution of this state, other than Section 11.311, Tax Code,  
11 that, if the tax rate adopted by the district is applied to it,  
12 produces an amount equal to the difference between the tax that the  
13 district would have imposed on the property if the property were  
14 fully taxable at market value and the tax that the district is  
15 actually authorized to impose on the property, if this subsection  
16 does not otherwise require that portion to be deducted; or

17 (B) action taken by the district under Subchapter  
18 B or C, Chapter 313, Tax Code, before the expiration of the  
19 subchapter;

20 (9) [~~(10)~~] the market value of all tangible personal  
21 property, other than manufactured homes, owned by a family or  
22 individual and not held or used for the production of income;

23 (10) [~~(11)~~] the appraised value of property the  
24 collection of delinquent taxes on which is deferred under Section  
25 33.06, Tax Code;

26 (11) [~~(12)~~] the portion of the appraised value of  
27 property the collection of delinquent taxes on which is deferred

1 under Section 33.065, Tax Code; and

2 (12) [~~(13)~~] the amount by which the market value of a  
3 residence homestead to which Section 23.23, Tax Code, applies  
4 exceeds the appraised value of that property as calculated under  
5 that section.

6 (e) The total dollar amount deducted in each year as  
7 required by Subsection (d)(3) [~~(d)(4)~~] in a reinvestment zone  
8 created after January 1, 1999, may not exceed the captured  
9 appraised value estimated for that year as required by Section  
10 311.011(c)(8), Tax Code, in the reinvestment zone financing plan  
11 approved under Section 311.011(d), Tax Code, before September 1,  
12 1999. The number of years for which the total dollar amount may be  
13 deducted under Subsection (d)(3) [~~(d)(4)~~] shall for any zone,  
14 including those created on or before January 1, 1999, be limited to  
15 the duration of the zone as specified as required by Section  
16 311.011(c)(9), Tax Code, in the reinvestment zone financing plan  
17 approved under Section 311.011(d), Tax Code, before September 1,  
18 1999. The total dollar amount deducted under Subsection (d)(3)  
19 [~~(d)(4)~~] for any zone, including those created on or before January  
20 1, 1999, may not be increased by any reinvestment zone financing  
21 plan amendments that occur after August 31, 1999. The total dollar  
22 amount deducted under Subsection (d)(3) [~~(d)(4)~~] for any zone,  
23 including those created on or before January 1, 1999, may not be  
24 increased by a change made after August 31, 1999, in the portion of  
25 the tax increment retained by the school district.

26 (e-1) This subsection applies only to a reinvestment zone  
27 created by a municipality that has a population of 70,000 or less

1 and is located in a county in which all or part of a military  
2 installation is located. Notwithstanding Subsection (e), if on or  
3 after January 1, 2017, the municipality adopts an ordinance  
4 designating a termination date for the zone that is later than the  
5 termination date designated in the ordinance creating the zone, the  
6 number of years for which the total dollar amount may be deducted  
7 under Subsection (d)(3) [~~(d)(4)~~] is limited to the duration of the  
8 zone as determined under Section 311.017, Tax Code.

9 (i) If the comptroller determines in the study that the  
10 market value of property in a school district as determined by the  
11 appraisal district that appraises property for the school district,  
12 less the total of the amounts and values listed in Subsection (d) as  
13 determined by that appraisal district, is valid, the comptroller,  
14 in determining the taxable value of property in the school district  
15 under Subsection (d), shall for purposes of Subsection (d)(12)  
16 [~~(d)(13)~~] subtract from the market value as determined by the  
17 appraisal district of residence homesteads to which Section 23.23,  
18 Tax Code, applies the amount by which that amount exceeds the  
19 appraised value of those properties as calculated by the appraisal  
20 district under Section 23.23, Tax Code. If the comptroller  
21 determines in the study that the market value of property in a  
22 school district as determined by the appraisal district that  
23 appraises property for the school district, less the total of the  
24 amounts and values listed in Subsection (d) as determined by that  
25 appraisal district, is not valid, the comptroller, in determining  
26 the taxable value of property in the school district under  
27 Subsection (d), shall for purposes of Subsection (d)(12) [~~(d)(13)~~]

1 subtract from the market value as estimated by the comptroller of  
2 residence homesteads to which Section 23.23, Tax Code, applies the  
3 amount by which that amount exceeds the appraised value of those  
4 properties as calculated by the appraisal district under Section  
5 23.23, Tax Code.

6 (m) Subsection (d)(8) [~~(d)(9)~~] does not apply to property  
7 that was the subject of an application under Subchapter B or C,  
8 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller  
9 recommended should be disapproved.

10 SECTION 3. Section 311.011(h), Tax Code, is amended to read  
11 as follows:

12 (h) Unless specifically provided otherwise in the plan, all  
13 amounts contained in the project plan or reinvestment zone  
14 financing plan, including amounts of expenditures relating to  
15 project costs and amounts relating to participation by taxing  
16 units, are considered estimates and do not act as a limitation on  
17 the described items, but the amounts contained in the project plan  
18 or reinvestment zone financing plan may not vary materially from  
19 the estimates. This subsection may not be construed to increase the  
20 amount of any reduction under Section 403.302(d)(3)  
21 [~~403.302(d)(4)~~], Government Code, in the total taxable value of the  
22 property in a school district that participates in the zone as  
23 computed under Section 403.302(d) of that code.

24 SECTION 4. Section 42.2522, Education Code, is repealed.

25 SECTION 5. Section 403.302, Government Code, as amended by  
26 this Act, applies only to an annual school district property value  
27 study conducted for a tax year that begins on or after January 1,

1 2018.

2 SECTION 6. This Act takes effect September 1, 2017.