

Amend CSHB 3 (senate committee report) as follows:

(1) In SECTION 4.006 of the bill, in amended Section 46.071, Education Code, strike added Subsection (a-1) (page 105, lines 25 through 34) and substitute the following:

(a-1) Beginning with the 2019-2020 school year, a school district is entitled to additional state aid under this subchapter to fully compensate the district for ad valorem tax revenue for the district's tax effort to pay the principal of and interest on eligible bonds, as defined by Section 46.033, that is lost due to an increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and a reduction of the amount of the limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, to reflect the increased exemption amount.

(2) In SECTION 4.006 of the bill, in added Section 46.071(b-1), Education Code (page 105, lines 50 and 51), strike "as proposed by the 86th Legislature, Regular Session, 2019," and substitute "for a school year".

(3) Strike SECTIONS 4.018 and 4.019 of the bill (page 111, line 56, through page 112, line 34) and substitute the following appropriately numbered SECTIONS:

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

(b) An adult is entitled to exemption from taxation by a school district of a portion [~~\$25,000~~] of the appraised value of the adult's residence homestead in the amount provided by this subsection, except that only \$5,000 of the exemption applies 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 the 2019 tax year, the amount of the exemption is \$40,000. For each subsequent tax year, the amount of the exemption shall be calculated by the comptroller by multiplying the amount of the exemption under this subsection for the preceding tax year by the inflation rate and adding that amount to, or subtracting that amount from, as applicable, the amount of that exemption for the preceding tax year. Each year, not later than March 15, the comptroller shall

calculate the amount of the exemption for the current tax year and publish that amount in the Texas Register.

(b-1) In this section:

(1) "Consumer price index" means the average over a calendar year of the index that the comptroller considers to most accurately report changes in the purchasing power of the dollar for consumers in this state.

(2) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

(n-1) The governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) for the 2018 [~~2014~~] tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2023 [~~2019~~].

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

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

subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed in the year immediately following the first year for which the individual qualified that residence homestead for the same exemption, except as provided by Subsection (b). If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2019 [~~2015~~] tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2018 [~~2014~~] tax year less an amount equal to the amount determined by multiplying \$15,000 [~~\$10,000~~] times the tax rate of the school district for the 2019 [~~2015~~] tax year, plus any 2018 [~~2015~~] tax attributable to improvements made in 2018 [~~2014~~], other than improvements made to comply with governmental regulations or repairs. If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before a tax year in which the amount of the exemption provided by Section 11.13(b) is increased to reflect inflation, the amount of the limitation provided by this section is the amount of tax the school district imposed for the tax year preceding the tax year in which the amount of the exemption is increased less an amount equal to the amount determined by multiplying the amount of the increase by the tax rate of the school district for the year in which the amount of the exemption is increased, plus any tax for the tax year in which the amount of the exemption is increased attributable to improvements made in the preceding tax year, other than improvements made to comply with governmental regulations or repairs. Except as provided by Subsection (b), a limitation on tax increases provided by this section on a residence homestead computed under this subsection continues to apply to the homestead in subsequent tax years until the limitation expires.