

Amend Floor Amendment No. 1 to CSSB 2 by adding the following appropriately numbered SECTIONS to the bill and renumbering SECTIONS of the bill accordingly:

SECTION \_\_\_\_ . Section 11.13(n), Tax Code, is amended to read as follows:

(n) In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of the individual's [his] residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. If the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the taxing unit may not exceed 20 percent.

SECTION \_\_\_\_ . Chapter 26, Tax Code, is amended by adding Section 26.0442 to read as follows:

Sec. 26.0442. TAX RATE ADJUSTMENT FOR LOCAL OPTION RESIDENCE HOMESTEAD EXEMPTION EXPENDITURES. (a) In this section, "local option residence homestead exemption expenditure" means the amount of tax revenue that the taxing unit lost for the preceding tax year as the result of the granting of local option residence homestead exemptions under Section 11.13(n), calculated by multiplying the adopted tax rate of the taxing unit for the preceding tax year by the difference between the total appraised value and the total taxable value for the preceding tax year of all property located in the taxing unit that qualified for a residence homestead exemption under Section 11.13(n) for that tax year.

(b) If a taxing unit's local option residence homestead exemption expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

(Current Tax Year's Local Option Residence Homestead Exemption Expenditures - Preceding Tax Year's Local Option Residence Homestead Exemption Expenditures) / (Current Total Value

- New Property Value)

(c) The taxing unit shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and the amount of the local option residence homestead exemption expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

SECTION \_\_\_\_ . Section 26.0442, Tax Code, as added by this Act, applies to the no-new-revenue maintenance and operations rate of a taxing unit beginning with the 2020 tax year.