

By: González of El Paso

H.B. No. 968

A BILL TO BE ENTITLED

AN ACT

1
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 311.013(n), Tax Code, is amended to read
25 as follows:

26 (n) This subsection applies only to a school district whose
27 taxable value computed under Section 403.302(d), Government Code,

1 is reduced in accordance with Subdivision (3) [~~(4)~~] of that
2 subsection. In addition to the amount otherwise required to be paid
3 into the tax increment fund, the district shall pay into the fund an
4 amount equal to the amount by which the amount of taxes the district
5 would have been required to pay into the fund in the current year if
6 the district levied taxes at the rate the district levied in 2005
7 exceeds the amount the district is otherwise required to pay into
8 the fund in the year of the reduction. This additional amount may
9 not exceed the amount the school district receives in state aid for
10 the current tax year under Section 42.2514, Education Code. The
11 school district shall pay the additional amount after the district
12 receives the state aid to which the district is entitled for the
13 current tax year under Section 42.2514, Education Code.

14 SECTION 5. Section 42.2522, Education Code, is repealed.

15 SECTION 6. Section 403.302, Government Code, as amended by
16 this Act, applies only to a school district property value study
17 conducted for a tax year that begins on or after January 1, 2020.

18 SECTION 7. This Act takes effect September 1, 2019.