

By: Shaheen

H.B. No. 4092

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the maximum amount of the local option residence  
3 homestead exemption from ad valorem taxation by a school district  
4 and the effect of such exemptions on the provision of funding under  
5 the foundation school program.

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

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

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

23 SECTION 2. Section 45.006(f), Education Code, is amended to  
24 read as follows:

1 (f) The governing body of a school district that adopts a  
2 tax rate that exceeds \$1.50 per \$100 valuation of taxable property  
3 may set the amount of the exemption from taxation authorized by  
4 Section 11.13(n-2) [~~11.13(n)~~], Tax Code, at any time before the  
5 date the governing body adopts the district's tax rate for the tax  
6 year in which the election approving the additional taxes is held.

7 SECTION 3. Section 403.302(d), Government Code, is amended  
8 to read as follows:

9 (d) For the purposes of this section, "taxable value" means  
10 the market value of all taxable property less:

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

15 (2) [~~one-half of~~] the total dollar amount of any  
16 residence homestead exemptions granted under Section 11.13(n-2)  
17 [~~11.13(n)~~], Tax Code, in the year that is the subject of the study  
18 for each school district;

19 (3) the total dollar amount of any exemptions granted  
20 before May 31, 1993, within a reinvestment zone under agreements  
21 authorized by Chapter 312, Tax Code;

22 (4) subject to Subsection (e), the total dollar amount  
23 of any captured appraised value of property that:

24 (A) is within a reinvestment zone created on or  
25 before May 31, 1999, or is proposed to be included within the  
26 boundaries of a reinvestment zone as the boundaries of the zone and  
27 the proposed portion of tax increment paid into the tax increment

1 fund by a school district are described in a written notification  
2 provided by the municipality or the board of directors of the zone  
3 to the governing bodies of the other taxing units in the manner  
4 provided by former Section 311.003(e), Tax Code, before May 31,  
5 1999, and within the boundaries of the zone as those boundaries  
6 existed on September 1, 1999, including subsequent improvements to  
7 the property regardless of when made;

8 (B) generates taxes paid into a tax increment  
9 fund created under Chapter 311, Tax Code, under a reinvestment zone  
10 financing plan approved under Section 311.011(d), Tax Code, on or  
11 before September 1, 1999; and

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

14 (5) the total dollar amount of any captured appraised  
15 value of property that:

16 (A) is within a reinvestment zone:

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

19 (ii) the project plan for which includes  
20 the alteration, remodeling, repair, or reconstruction of a  
21 structure that is included on the National Register of Historic  
22 Places and requires that a portion of the tax increment of the zone  
23 be used for the improvement or construction of related facilities  
24 or for affordable housing;

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (6) the total dollar amount of any exemptions granted  
3 under Section 11.251 or 11.253, Tax Code;

4 (7) the difference between the comptroller's estimate  
5 of the market value and the productivity value of land that  
6 qualifies for appraisal on the basis of its productive capacity,  
7 except that the productivity value estimated by the comptroller may  
8 not exceed the fair market value of the land;

9 (8) the portion of the appraised value of residence  
10 homesteads of individuals who receive a tax limitation under  
11 Section 11.26, Tax Code, on which school district taxes are not  
12 imposed in the year that is the subject of the study, calculated as  
13 if the residence homesteads were appraised at the full value  
14 required by law;

15 (9) a portion of the market value of property not  
16 otherwise fully taxable by the district at market value because of:

17 (A) action required by statute or the  
18 constitution of this state, other than Section 11.311, Tax Code,  
19 that, if the tax rate adopted by the district is applied to it,  
20 produces an amount equal to the difference between the tax that the  
21 district would have imposed on the property if the property were  
22 fully taxable at market value and the tax that the district is  
23 actually authorized to impose on the property, if this subsection  
24 does not otherwise require that portion to be deducted; or

25 (B) action taken by the district under Subchapter  
26 B or C, Chapter 313, Tax Code, before the expiration of the  
27 subchapter;

1           (10) the market value of all tangible personal  
2 property, other than manufactured homes, owned by a family or  
3 individual and not held or used for the production of income;

4           (11) the appraised value of property the collection of  
5 delinquent taxes on which is deferred under Section 33.06, Tax  
6 Code;

7           (12) the portion of the appraised value of property  
8 the collection of delinquent taxes on which is deferred under  
9 Section 33.065, Tax Code; and

10          (13) the amount by which the market value of a  
11 residence homestead to which Section 23.23, Tax Code, applies  
12 exceeds the appraised value of that property as calculated under  
13 that section.

14          SECTION 4. Section 11.13, Tax Code, is amended by amending  
15 Subsections (i) and (n) and adding Subsection (n-2) to read as  
16 follows:

17          (i) The assessor and collector for a taxing unit may  
18 disregard the exemptions authorized by Subsection (b), (c), (d),  
19 ~~[or] (n), or (n-2) [of this section]~~ and assess and collect a tax  
20 pledged for payment of debt without deducting the amount of the  
21 exemption if:

22           (1) prior to adoption of the exemption, the taxing  
23 unit pledged the taxes for the payment of a debt; and

24           (2) granting the exemption would impair the obligation  
25 of the contract creating the debt.

26          (n) In addition to any other exemptions provided by this  
27 section, an individual is entitled to an exemption from taxation by

1 a taxing unit other than a school district of a percentage of the  
2 appraised value of the individual's [~~his~~] residence homestead if  
3 the exemption is adopted by the governing body of the taxing unit  
4 before July 1 in the manner provided by law for official action by  
5 the body. If the percentage set by the taxing unit produces an  
6 exemption in a tax year of less than \$5,000 when applied to a  
7 particular residence homestead, the individual is entitled to an  
8 exemption of \$5,000 of the appraised value. The percentage adopted  
9 by the taxing unit may not exceed 20 percent.

10 (n-2) In addition to any other exemptions provided by this  
11 section, an individual is entitled to an exemption from taxation by  
12 a school district of a percentage of the appraised value of the  
13 individual's residence homestead if the exemption is adopted by the  
14 governing body of the school district before July 1 in the manner  
15 provided by law for official action by the body. The percentage  
16 adopted by the school district may not exceed 50 percent of taxable  
17 income.

18 SECTION 5. Section 25.23(a), Tax Code, is amended to read as  
19 follows:

20 (a) After submission of appraisal records, the chief  
21 appraiser shall prepare supplemental appraisal records listing:

22 (1) each taxable property the chief appraiser  
23 discovers that is not included in the records already submitted,  
24 including property that was omitted from an appraisal roll in a  
25 prior tax year;

26 (2) property on which the appraisal review board has  
27 not determined a protest at the time of its approval of the

1 appraisal records; and

2 (3) property that qualifies for an exemption under  
3 Section 11.13(n) or (n-2) that was adopted by the governing body of  
4 a taxing unit after the date the appraisal records were submitted.

5 SECTION 6. Section 42.2522, Education Code, is repealed.

6 SECTION 7. Section 403.302, Government Code, as amended by  
7 this Act, applies only to a school district property value study  
8 conducted for a tax year that begins on or after January 1, 2020.

9 SECTION 8. This Act applies only to ad valorem taxes imposed  
10 for a tax year that begins on or after January 1, 2020.

11 SECTION 9. This Act takes effect January 1, 2020, but only  
12 if the constitutional amendment proposed by the 86th Legislature,  
13 Regular Session, 2019, to increase the maximum amount of the local  
14 option residence homestead exemption from ad valorem taxation by a  
15 school district from 20 percent to 50 percent, not to exceed  
16 \$700,000, is approved by the voters. If that amendment is not  
17 approved by the voters, this Act has no effect.