

By: Romero, Jr.

H.B. No. 4352

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an increase in the amount of the exemption of residence
3 homesteads from ad valorem taxation by a school district, a
4 reduction in the amount of the limitation on school district ad
5 valorem taxes imposed on the residence homesteads of the elderly or
6 disabled to reflect the increased exemption amount, and the
7 protection of school districts against the resulting loss in local
8 revenue.

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

10 SECTION 1. Section 11.13(b), Tax Code, is amended to read as
11 follows:

12 (b) An adult is entitled to exemption from taxation by a
13 school district of \$50,000 [~~\$25,000~~] of the appraised value of the
14 adult's residence homestead, except that only \$5,000 of the
15 exemption applies to an entity operating under former Chapter 17,
16 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
17 May 1, 1995, as permitted by Section 11.301, Education Code.

18 SECTION 2. Section 11.26(a), Tax Code, is amended to read as
19 follows:

20 (a) The tax officials shall appraise [~~the~~] property to which
21 this section applies and calculate taxes as on other property, but
22 if the tax [~~so~~] calculated exceeds the limitation imposed by this
23 section, the tax imposed is the amount of the tax as limited by this
24 section, except as otherwise provided by this section. A school

1 district may not increase the total annual amount of ad valorem tax
2 it imposes on the residence homestead of an individual 65 years of
3 age or older or on the residence homestead of an individual who is
4 disabled, as defined by Section 11.13, above the amount of the tax
5 it imposed in the first tax year in which the individual qualified
6 that residence homestead for the applicable exemption provided by
7 Section 11.13(c) for an individual who is 65 years of age or older
8 or is disabled. If the individual qualified that residence
9 homestead for the exemption after the beginning of that first year
10 and the residence homestead remains eligible for the same exemption
11 for the next year, and if the school district taxes imposed on the
12 residence homestead in the next year are less than the amount of
13 taxes imposed in that first year, a school district may not
14 subsequently increase the total annual amount of ad valorem taxes
15 it imposes on the residence homestead above the amount it imposed in
16 the year immediately following the first year for which the
17 individual qualified that residence homestead for the same
18 exemption, except as provided by Subsection (b). If the first tax
19 year the individual qualified the residence homestead for the
20 exemption provided by Section 11.13(c) for individuals 65 years of
21 age or older or disabled was a tax year before the 2021 [~~2015~~] tax
22 year, the amount of the limitation provided by this section for the
23 2021 tax year is the amount of tax the school district imposed for
24 the 2020 [~~2014~~] tax year less an amount equal to the amount
25 determined by multiplying \$25,000 [~~\$10,000~~] times the tax rate of
26 the school district for the 2021 [~~2015~~] tax year, plus any 2021
27 [~~2015~~] tax attributable to improvements made in 2020 [~~2014~~], other

1 than improvements made to comply with governmental regulations or
2 repairs.

3 SECTION 3. Subchapter A, Chapter 41, Education Code, is
4 amended by adding Section 41.0012 to read as follows:

5 Sec. 41.0012. COMPUTATION OF WEALTH PER STUDENT FOR
6 2021-2022 SCHOOL YEAR. Notwithstanding any other provision of this
7 chapter, in computing a school district's wealth per student for
8 the 2021-2022 school year, a school district's taxable value of
9 property under Subchapter M, Chapter 403, Government Code, is
10 determined as if the increase in the residence homestead exemption
11 under Section 1-b(c), Article VIII, Texas Constitution, and the
12 additional limitation on tax increases under Section 1-b(d) of that
13 article in effect for the 2021 tax year as proposed by the 86th
14 Legislature, Regular Session, 2019, had been in effect for the 2020
15 tax year. This section expires September 1, 2023.

16 SECTION 4. Section 42.2518, Education Code, is amended by
17 amending Subsections (a) and (b) and adding Subsection (a-1) to
18 read as follows:

19 (a) Beginning with the 2017-2018 school year and continuing
20 through the 2020-2021 school year, a school district is entitled to
21 additional state aid to the extent that state and local revenue
22 under this chapter and Chapter 41 is less than the state and local
23 revenue that would have been available to the district under
24 Chapter 41 and this chapter as those chapters existed on September
25 1, 2015, excluding any state aid that would have been provided under
26 former Section 42.2516, if the increase in the residence homestead
27 exemption under Section 1-b(c), Article VIII, Texas Constitution,

1 and the additional limitation on tax increases under Section 1-b(d)
2 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
3 Session, 2015, had not occurred.

4 (a-1) Beginning with the 2021-2022 school year, a school
5 district is entitled to additional state aid to the extent that
6 state and local revenue under this chapter and Chapter 41 is less
7 than the state and local revenue that would have been available to
8 the district under Chapter 41 and this chapter as those chapters
9 existed on September 1, 2020, if the increase in the residence
10 homestead exemption under Section 1-b(c), Article VIII, Texas
11 Constitution, and the additional limitation on tax increases under
12 Section 1-b(d) of that article as proposed by the 86th Legislature,
13 Regular Session, 2019, had not occurred.

14 (b) The lesser of the school district's currently adopted
15 maintenance and operations tax rate or the adopted maintenance and
16 operations tax rate for:

17 (1) the 2014 tax year is used for the purpose of
18 determining additional state aid under Subsection (a); and

19 (2) the 2020 tax year is used for the purpose of
20 determining additional state aid under Subsection (a-1) [~~this~~
21 section].

22 SECTION 5. Section 42.252, Education Code, is amended by
23 adding Subsection (e) to read as follows:

24 (e) Notwithstanding any other provision of this chapter, in
25 computing each school district's local share of program cost under
26 this section for the 2021-2022 school year, a school district's
27 taxable value of property under Subchapter M, Chapter 403,

1 Government Code, is determined as if the increase in the residence
2 homestead exemption under Section 1-b(c), Article VIII, Texas
3 Constitution, and the additional limitation on tax increases under
4 Section 1-b(d) of that article in effect for the 2021 tax year as
5 proposed by the 86th Legislature, Regular Session, 2019, had been
6 in effect for the 2020 tax year. This subsection expires September
7 1, 2023.

8 SECTION 6. Section 42.302, Education Code, is amended by
9 adding Subsection (g) to read as follows:

10 (g) Notwithstanding any other provision of this chapter, in
11 computing a school district's enrichment tax rate ("DTR") and local
12 revenue ("LR") for the 2021-2022 school year, a school district's
13 taxable value of property under Subchapter M, Chapter 403,
14 Government Code, is determined as if the increase in the residence
15 homestead exemption under Section 1-b(c), Article VIII, Texas
16 Constitution, and the additional limitation on tax increases under
17 Section 1-b(d) of that article in effect for the 2021 tax year as
18 proposed by the 86th Legislature, Regular Session, 2019, had been
19 in effect for the 2020 tax year. This subsection expires September
20 1, 2023.

21 SECTION 7. Section 46.003, Education Code, is amended by
22 adding Subsection (i) to read as follows:

23 (i) Notwithstanding any other provision of this chapter, in
24 computing a district's bond tax rate ("BTR") and taxable value of
25 property ("DPV") for the 2021-2022 school year, a school district's
26 taxable value of property under Subchapter M, Chapter 403,
27 Government Code, is determined as if the increase in the residence

1 homestead exemption under Section 1-b(c), Article VIII, Texas
2 Constitution, and the additional limitation on tax increases under
3 Section 1-b(d) of that article in effect for the 2021 tax year as
4 proposed by the 86th Legislature, Regular Session, 2019, had been
5 in effect for the 2020 tax year. This subsection expires September
6 1, 2023.

7 SECTION 8. Section 46.032, Education Code, is amended by
8 adding Subsection (d) to read as follows:

9 (d) Notwithstanding any other provision of this chapter, in
10 computing a district's existing debt tax rate ("EDTR") and taxable
11 value of property ("DPV") for the 2021-2022 school year, a school
12 district's taxable value of property under Subchapter M, Chapter
13 403, Government Code, is determined as if the increase in the
14 residence homestead exemption under Section 1-b(c), Article VIII,
15 Texas Constitution, and the additional limitation on tax increases
16 under Section 1-b(d) of that article in effect for the 2021 tax year
17 as proposed by the 86th Legislature, Regular Session, 2019, had
18 been in effect for the 2020 tax year. This subsection expires
19 September 1, 2023.

20 SECTION 9. Section 46.071, Education Code, is amended by
21 amending Subsections (a), (b), and (c) and adding Subsections
22 (a-1), (b-1), and (c-1) to read as follows:

23 (a) Beginning with the 2015-2016 school year and continuing
24 through the 2020-2021 school year, a school district is entitled to
25 additional state aid under this subchapter to the extent that state
26 and local revenue used to service debt eligible under this chapter
27 is less than the state and local revenue that would have been

1 available to the district under this chapter as it existed on
2 September 1, 2015, if the increase in the residence homestead
3 exemption under Section 1-b(c), Article VIII, Texas Constitution,
4 and the additional limitation on tax increases under Section 1-b(d)
5 of that article as proposed by S.J.R. 1, 84th Legislature, Regular
6 Session, 2015, had not occurred.

7 (a-1) Beginning with the 2021-2022 school year, a school
8 district is entitled to additional state aid under this subchapter
9 to the extent that state and local revenue used to service debt
10 eligible under this chapter is less than the state and local revenue
11 that would have been available to the district under this chapter as
12 it existed on September 1, 2020, if the increase in the residence
13 homestead exemption under Section 1-b(c), Article VIII, Texas
14 Constitution, and the additional limitation on tax increases under
15 Section 1-b(d) of that article as proposed by the 86th Legislature,
16 Regular Session, 2019, had not occurred.

17 (b) Subject to Subsections (c), (d), and (e) [~~(e)-(e)~~],
18 additional state aid under this section through the 2020-2021
19 school year is equal to the amount by which the loss of local
20 interest and sinking revenue for debt service attributable to the
21 increase in the residence homestead exemption under Section 1-b(c),
22 Article VIII, Texas Constitution, and the additional limitation on
23 tax increases under Section 1-b(d) of that article as proposed by
24 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by
25 a gain in state aid under this chapter.

26 (b-1) Subject to Subsections (c-1), (d), and (e),
27 additional state aid under this section beginning with the

1 2021-2022 school year is equal to the amount by which the loss of
2 local interest and sinking revenue for debt service attributable to
3 the increase in the residence homestead exemption under Section
4 1-b(c), Article VIII, Texas Constitution, and the additional
5 limitation on tax increases under Section 1-b(d) of that article as
6 proposed by the 86th Legislature, Regular Session, 2019, is not
7 offset by a gain in state aid under this chapter.

8 (c) For the purpose of determining state aid under
9 Subsections (a) and (b) [~~this section~~], local interest and sinking
10 revenue for debt service is limited to revenue required to service
11 debt eligible under this chapter as of September 1, 2015, including
12 refunding of that debt, subject to Section 46.061. The limitation
13 imposed by Section 46.034(a) does not apply for the purpose of
14 determining state aid under this section.

15 (c-1) For the purpose of determining state aid under
16 Subsections (a-1) and (b-1), local interest and sinking revenue for
17 debt service is limited to revenue required to service debt
18 eligible under this chapter as of September 1, 2020, including
19 refunding of that debt, subject to Section 46.061. The limitation
20 imposed by Section 46.034(a) does not apply for the purpose of
21 determining state aid under this section.

22 SECTION 10. The changes in law made by this Act to Sections
23 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
24 begins on or after January 1, 2021.

25 SECTION 11. This Act takes effect January 1, 2021, but only
26 if the constitutional amendment proposed by the 86th Legislature,
27 Regular Session, 2019, to increase the amount of the exemption of

1 residence homesteads from ad valorem taxation by a school district
2 and to reduce the amount of the limitation on school district ad
3 valorem taxes imposed on the residence homesteads of the elderly or
4 disabled to reflect the increased exemption amount is approved by
5 the voters. If that constitutional amendment is not approved by the
6 voters, this Act has no effect.