

BILL ANALYSIS

S.B. 12
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The 86th Legislature passed H.B. 3, the school finance reform bill, which provided school maintenance and operations tax rate compression for property tax payers, where the state provides additional dollars to school districts in return for lower local school tax rates. One group of Texans, homeowners with a homestead tax ceiling as a result of receiving the residence homestead property tax exemption for those age 65 or older or disabled, did not necessarily receive a reduction in their tax bill. S.B. 12, the enabling legislation for S.J.R. 2, would extend the tax rate compression from the school finance reform bill to these taxpayers so that they too would receive additional property tax relief if the voters approve the constitutional amendment proposed by S.J.R. 2.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 12 amends the Tax Code to provide for the reduction of the amount of a limitation on the total amount of property taxes that may be imposed by a public school district on the residence homestead of an individual who is elderly or disabled to reflect any reduction from the preceding tax year in the district's maximum compressed tax rate. The bill sets out separate formulas for use in calculating the amount of the limitation in the 2023 tax year based on whether the first tax year in which the individual or their spouse qualified for the residence homestead property tax exemption for an individual who is disabled or who is 65 years of age or older was the 2019 tax year, the 2020 tax year, the 2021 tax year, the 2022 tax year, or a year before the 2019 tax year. The bill sets out an additional formula applicable beginning in the 2024 tax year and for subsequent tax years.

S.B. 12 amends the Education Code to entitle a school district that is not fully compensated through state aid or the calculation of excess local revenue as part of the foundation school program based on the determination of the district's taxable value of property to additional state aid in the amount necessary to fully compensate the district for the amount of property tax revenue lost due to a reduction of the amount of the limitation on tax increases provided by the bill.

S.B. 12 requires the Texas Education Agency (TEA) to post on its website each school district's maximum compressed rate for each tax year beginning with the 2019 tax year and each district's

tier one maintenance and operations tax rate for the 2018 tax year for purposes of calculating the reduction of the limitation on the amount of taxes on the homesteads of elderly or disabled individuals as provided by the bill. The bill requires TEA to post each district's maximum compressed rate for the current tax year promptly after calculating the rate. If, for the 2023 or a subsequent tax year, TEA calculates a preliminary rate before calculating a final rate, TEA must post the preliminary rate, and the chief appraiser of each appraisal district and the assessor for each school district must use the preliminary rate to make the calculations. The bill requires TEA to notify each chief appraiser and each assessor when TEA has complied with those requirements and requires that the notice include the location on the TEA website at which the information may be found.

S.B. 12 amends the Government Code to require the comptroller of public accounts, in the certification of the final taxable value for each school district as part of the comptroller's study of school district property values, to separately identify the final taxable value for each district as adjusted to account for the reduction of the amount of the limitation on tax increases provided for by the bill.

EFFECTIVE DATE

January 1, 2023, if the constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of property taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead is approved by the voters.