By:  Bettencourt, et al. S.B. No. 12

(In the Senate - Filed August 6, 2021; August 7, 2021, read first time and referred to Committee on Local Government; August 7, 2021, reported favorably by the following vote: Yeas 8, Nays 0; August 7, 2021, sent to printer.)

COMMITTEE VOTE

                 Yea Nay Absent  PNV

Bettencourt       X

Menéndez          X

Eckhardt          X

Gutierrez         X

Hall                        X

Nichols           X

Paxton            X

Springer          X

Zaffirini         X

A BILL TO BE ENTITLED

AN ACT

relating to the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed by a 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 rate and to the protection of school districts against the resulting loss in local revenue.

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

SECTION 1.  Section 11.26, Tax Code, is amended by adding Subsections (a-4), (a-5), (a-6), (a-7), (a-8), (a-9), and (a-10) to read as follows:

(a-4)  In this section, "maximum compressed rate" means the maximum compressed rate of a school district as calculated under Section 48.2551, Education Code.

(a-5)  Notwithstanding the other provisions of this section, if in the 2023 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was a tax year before the 2019 tax year, the amount of the limitation provided by this section on the homestead in the 2023 tax year is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the 2018 tax year by a tax rate equal to the difference between the school district's tier one maintenance and operations rate for the 2018 tax year and the district's maximum compressed rate for the 2019 tax year;

(2)  subtracting the greater of zero or the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2018 tax year;

(3)  adding any tax imposed in the 2019 tax year attributable to improvements made in the 2018 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4)  multiplying the taxable value of the homestead in the 2019 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2019 tax year and the district's maximum compressed rate for the 2020 tax year;

(5)  subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3);

(6)  adding any tax imposed in the 2020 tax year attributable to improvements made in the 2019 tax year as provided by Subsection (b) to the amount computed under Subdivision (5);

(7)  multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(8)  subtracting the amount computed under Subdivision (7) from the amount computed under Subdivision (6);

(9)  adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (8);

(10)  multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(11)  subtracting the amount computed under Subdivision (10) from the amount computed under Subdivision (9);

(12)  adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (11);

(13)  multiplying the taxable value of the homestead in the 2022 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2022 tax year and the district's maximum compressed rate for the 2023 tax year;

(14)  subtracting the amount computed under Subdivision (13) from the amount computed under Subdivision (12); and

(15)  adding any tax imposed in the 2023 tax year attributable to improvements made in the 2022 tax year as provided by Subsection (b) to the amount computed under Subdivision (14).

(a-6)  Notwithstanding the other provisions of this section, if in the 2023 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2019 tax year, the amount of the limitation provided by this section on the homestead in the 2023 tax year is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the 2019 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2019 tax year and the district's maximum compressed rate for the 2020 tax year;

(2)  subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2019 tax year;

(3)  adding any tax imposed in the 2020 tax year attributable to improvements made in the 2019 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4)  multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(5)  subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3);

(6)  adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (5);

(7)  multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(8)  subtracting the amount computed under Subdivision (7) from the amount computed under Subdivision (6);

(9)  adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (8);

(10)  multiplying the taxable value of the homestead in the 2022 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2022 tax year and the district's maximum compressed rate for the 2023 tax year;

(11)  subtracting the amount computed under Subdivision (10) from the amount computed under Subdivision (9); and

(12)  adding any tax imposed in the 2023 tax year attributable to improvements made in the 2022 tax year as provided by Subsection (b) to the amount computed under Subdivision (11).

(a-7)  Notwithstanding the other provisions of this section, if in the 2023 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2020 tax year, the amount of the limitation provided by this section on the homestead in the 2023 tax year is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the 2020 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2020 tax year and the district's maximum compressed rate for the 2021 tax year;

(2)  subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2020 tax year;

(3)  adding any tax imposed in the 2021 tax year attributable to improvements made in the 2020 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4)  multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(5)  subtracting the amount computed under Subdivision (4) from the amount computed under Subdivision (3);

(6)  adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (5);

(7)  multiplying the taxable value of the homestead in the 2022 tax year by a tax rate equal to the difference between the district's maximum compressed rate for the 2022 tax year and the district's maximum compressed rate for the 2023 tax year;

(8)  subtracting the amount computed under Subdivision (7) from the amount computed under Subdivision (6); and

(9)  adding any tax imposed in the 2023 tax year attributable to improvements made in the 2022 tax year as provided by Subsection (b) to the amount computed under Subdivision (8).

(a-8)  Notwithstanding the other provisions of this section, if in the 2023 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2021 tax year, the amount of the limitation provided by this section on the homestead in the 2023 tax year is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the 2021 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2021 tax year and the district's maximum compressed rate for the 2022 tax year;

(2)  subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2021 tax year;

(3)  adding any tax imposed in the 2022 tax year attributable to improvements made in the 2021 tax year as provided by Subsection (b) to the amount computed under Subdivision (2);

(4)  multiplying the taxable value of the homestead in the 2022 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2022 tax year and the district's maximum compressed rate for the 2023 tax year;

(5)  subtracting the amount computed under Subdivision (4) from the amount of tax the district imposed on the homestead in the 2022 tax year; and

(6)  adding any tax imposed in the 2023 tax year attributable to improvements made in the 2022 tax year as provided by Subsection (b) to the amount computed under Subdivision (5).

(a-9)  Notwithstanding the other provisions of this section, if in the 2023 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2022 tax year, the amount of the limitation provided by this section on the homestead in the 2023 tax year is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the 2022 tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the 2022 tax year and the district's maximum compressed rate for the 2023 tax year;

(2)  subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the 2022 tax year; and

(3)  adding any tax imposed in the 2023 tax year attributable to improvements made in the 2022 tax year as provided by Subsection (b) to the amount computed under Subdivision (2).

(a-10)  Notwithstanding the other provisions of this section, if in the 2024 or a subsequent tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead, the amount of the limitation provided by this section on the homestead is equal to the amount computed by:

(1)  multiplying the taxable value of the homestead in the preceding tax year by a tax rate equal to the difference between the school district's maximum compressed rate for the preceding tax year and the district's maximum compressed rate for the current tax year;

(2)  subtracting the amount computed under Subdivision (1) from the amount of tax the district imposed on the homestead in the preceding tax year; and

(3)  adding any tax imposed in the current tax year attributable to improvements made in the preceding tax year as provided by Subsection (b) to the amount computed under Subdivision (2).

SECTION 2.  Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.2542 to read as follows:

Sec. 48.2542.  ADDITIONAL STATE AID FOR ADJUSTMENT OF LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED. Notwithstanding any other provision of this chapter, if a school district is not fully compensated through state aid or the calculation of excess local revenue under this chapter based on the determination of the district's taxable value of property under Subchapter M, Chapter 403, Government Code, the district is entitled to additional state aid in the amount necessary to fully compensate the district for the amount of ad valorem tax revenue lost due to a reduction of the amount of the limitation on tax increases provided by Sections 11.26(a-4), (a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code, as applicable.

SECTION 3.  Section 48.2551(d), Education Code, is amended to read as follows:

(d)  The agency shall:

(1)  calculate and make available school districts' maximum compressed rates, as determined under this section; and

(2)  post the information described by Section 48.2556 on the agency's Internet website as required by that section.

SECTION 4.  Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.2556 to read as follows:

Sec. 48.2556.  POSTING ON AGENCY WEBSITE OF INFORMATION RELATED TO REDUCTION OF LIMITATION OF TAX ON HOMESTEADS OF ELDERLY OR DISABLED. (a)  The agency shall post the following information on the agency's Internet website for purposes of allowing the chief appraiser of each appraisal district and the assessor for each school district to make the calculations required by Sections 11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:

(1)  each school district's maximum compressed rate, as determined under Section 48.2551, for each tax year beginning with the 2019 tax year; and

(2)  each school district's tier one maintenance and operations tax rate, as provided by Section 45.0032(a), for the 2018 tax year.

(b)  The agency shall post each school district's maximum compressed rate for the current tax year, as determined under Section 48.2551, promptly after calculating the rate. If, for the 2023 or a subsequent tax year, the agency calculates a preliminary rate before calculating a final rate, the agency shall post the preliminary rate, and the chief appraiser of each appraisal district and the assessor for each school district shall use the preliminary rate to make the calculations described by Subsection (a).

(c)  The agency shall notify the chief appraiser of each appraisal district and the assessor for each school district when the agency has complied with Subsection (b). The notice must include the location on the agency's Internet website at which the information required by this section to be posted may be found.

SECTION 5.  Section 403.302, Government Code, is amended by adding Subsection (j-1) to read as follows:

(j-1)  In the final certification of the study under Subsection (j), the comptroller shall separately identify the final taxable value for each school district as adjusted to account for the reduction of the amount of the limitation on tax increases provided by Sections 11.26(a-4), (a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code, as applicable.

SECTION 6.  This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 7.  This Act takes effect January 1, 2023, but only if the constitutional amendment proposed by the 87th Legislature, 2nd Called Session, 2021, authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem 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. If that amendment is not approved by the voters, this Act has no effect.

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