

By: Raymond

H.B. No. 152

A BILL TO BE ENTITLED

1 AN ACT
2 relating to a temporary increase in the amount of the exemption of
3 residence homesteads from ad valorem taxation by a school district,
4 a temporary reduction in the amount of the limitation on school
5 district ad valorem taxes imposed on the residence homesteads of
6 the elderly or disabled to reflect the increased exemption amount,
7 and a temporary protection of school districts against the
8 resulting temporary loss in local 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 \$105,000 [~~\$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. Effective January 1, 2024, Section 11.13(b), Tax
19 Code, is amended to read as follows:

20 (b) An adult is entitled to exemption from taxation by a
21 school district of \$25,000 of the appraised value of the adult's
22 residence homestead, except that only \$5,000 of the exemption
23 applies to an entity operating under former Chapter 17, 18, 25, 26,
24 27, or 28, Education Code, as those chapters existed on May 1, 1995,

1 as permitted by Section 11.301, Education Code.

2 SECTION 3. (a) This section takes effect only if the
3 constitutional amendment proposed by S.J.R. No. 2, 87th
4 Legislature, 2nd Called Session, 2021, is approved by the voters.
5 If that amendment is not approved by the voters, this section has no
6 effect.

7 (b) Section 11.26(a), Tax Code, is amended to read as
8 follows:

9 (a) The tax officials shall appraise the property to which
10 this section applies and calculate taxes as on other property, but
11 if the tax so calculated exceeds the limitation imposed by this
12 section, the tax imposed is the amount of the tax as limited by this
13 section, except as otherwise provided by this section. A school
14 district may not increase the total annual amount of ad valorem tax
15 it imposes on the residence homestead of an individual 65 years of
16 age or older or on the residence homestead of an individual who is
17 disabled, as defined by Section 11.13, above the amount of the tax
18 it imposed in the first tax year in which the individual qualified
19 that residence homestead for the applicable exemption provided by
20 Section 11.13(c) for an individual who is 65 years of age or older
21 or is disabled. If the individual qualified that residence
22 homestead for the exemption after the beginning of that first year
23 and the residence homestead remains eligible for the same exemption
24 for the next year, and if the school district taxes imposed on the
25 residence homestead in the next year are less than the amount of
26 taxes imposed in that first year, a school district may not
27 subsequently increase the total annual amount of ad valorem taxes

1 it imposes on the residence homestead above the amount it imposed in
2 the year immediately following the first year for which the
3 individual qualified that residence homestead for the same
4 exemption, except as provided by Subsection (b). If the first tax
5 year the individual qualified the residence homestead for the
6 exemption provided by Section 11.13(c) for individuals 65 years of
7 age or older or disabled was a tax year before the 2023 [~~2015~~] tax
8 year, the amount of the limitation provided by this section for the
9 2023 tax year is the amount of the limitation as computed under
10 Subsection (a-5), (a-6), (a-7), (a-8), or (a-9) of this section, as
11 applicable, [~~tax the school district imposed for the 2014 tax year~~]
12 less an amount equal to the product of \$80,000 and [~~amount~~
13 ~~determined by multiplying \$10,000 times~~] the tax rate of the school
14 district for the 2023 [~~2015~~] tax year [~~, plus any 2015 tax~~
15 ~~attributable to improvements made in 2014, other than improvements~~
16 ~~made to comply with governmental regulations or repairs~~]. If the
17 first tax year the individual qualified the residence homestead for
18 the exemption provided by Section 11.13(c) for individuals 65 years
19 of age or older or disabled was the 2023 tax year or an earlier tax
20 year, the amount of the limitation provided by this section for the
21 2024 tax year is the amount of the limitation as computed under
22 Subsection (a-10) of this section plus an amount equal to the
23 product of \$80,000 and the tax rate of the school district for the
24 2023 tax year.

25 SECTION 4. (a) This section takes effect only if the
26 constitutional amendment proposed by S.J.R. No. 2, 87th
27 Legislature, 2nd Called Session, 2021, is not approved by the

1 voters. If that amendment is approved by the voters, this section
2 has no effect.

3 (b) Section 11.26(a), Tax Code, is amended to read as
4 follows:

5 (a) The tax officials shall appraise the property to which
6 this section applies and calculate taxes as on other property, but
7 if the tax so calculated exceeds the limitation imposed by this
8 section, the tax imposed is the amount of the tax as limited by this
9 section, except as otherwise provided by this section. A school
10 district may not increase the total annual amount of ad valorem tax
11 it imposes on the residence homestead of an individual 65 years of
12 age or older or on the residence homestead of an individual who is
13 disabled, as defined by Section 11.13, above the amount of the tax
14 it imposed in the first tax year in which the individual qualified
15 that residence homestead for the applicable exemption provided by
16 Section 11.13(c) for an individual who is 65 years of age or older
17 or is disabled. If the individual qualified that residence
18 homestead for the exemption after the beginning of that first year
19 and the residence homestead remains eligible for the same exemption
20 for the next year, and if the school district taxes imposed on the
21 residence homestead in the next year are less than the amount of
22 taxes imposed in that first year, a school district may not
23 subsequently increase the total annual amount of ad valorem taxes
24 it imposes on the residence homestead above the amount it imposed in
25 the year immediately following the first year for which the
26 individual qualified that residence homestead for the same
27 exemption, except as provided by Subsection (b). If the first tax

1 year the individual qualified the residence homestead for the
2 exemption provided by Section 11.13(c) for individuals 65 years of
3 age or older or disabled was a tax year before the 2023 [~~2015~~] tax
4 year, the amount of the limitation provided by this section for the
5 2023 tax year is the amount of tax the school district imposed for
6 the 2022 [~~2014~~] tax year less an amount equal to the product of
7 \$80,000 and [~~amount determined by multiplying \$10,000 times~~] the
8 tax rate of the school district for the 2023 [~~2015~~] tax year, plus
9 any 2023 [~~2015~~] tax attributable to improvements made in 2022
10 [~~2014~~], other than improvements made to comply with governmental
11 regulations or repairs. If the first tax year the individual
12 qualified the residence homestead for the exemption provided by
13 Section 11.13(c) for individuals 65 years of age or older or
14 disabled was the 2023 tax year or an earlier tax year, the amount of
15 the limitation provided by this section for the 2024 and subsequent
16 tax years is the amount of tax the school district imposed for the
17 2023 tax year plus an amount equal to the product of \$80,000 and the
18 tax rate of the school district for the 2023 tax year, plus any 2024
19 tax attributable to improvements made in 2023, other than
20 improvements made to comply with governmental regulations or
21 repairs.

22 SECTION 5. Section 46.071, Education Code, is amended by
23 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

24 (a-1) Notwithstanding Subsection (a), for the 2023-2024
25 school year, a school district is entitled to additional state aid
26 under this subchapter to the extent that state and local revenue
27 used to service debt eligible under this chapter is less than the

1 state and local revenue that would have been available to the
2 district under this chapter as it existed on September 1, 2022, if
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 87th Legislature, 3rd Called Session, 2021, had not
7 occurred. This subsection expires September 1, 2024.

8 (b-1) Notwithstanding Subsection (b), subject to
9 Subsections (c-1), (d), and (e), additional state aid under this
10 section for the 2023-2024 school year is equal to the amount by
11 which the loss of local interest and sinking revenue for debt
12 service attributable to the increase in the residence homestead
13 exemption under Section 1-b(c), Article VIII, Texas Constitution,
14 and the additional limitation on tax increases under Section 1-b(d)
15 of that article as proposed by the 87th Legislature, 3rd Called
16 Session, 2021, is not offset by a gain in state aid under this
17 chapter. This subsection expires September 1, 2024.

18 (c-1) Notwithstanding Subsection (c), for the purpose of
19 determining state aid under Subsections (a-1) and (b-1), local
20 interest and sinking revenue for debt service is limited to revenue
21 required to service debt eligible under this chapter as of
22 September 1, 2022, including refunding of that debt, subject to
23 Section 46.061. The limitation imposed by Section 46.034(a) does
24 not apply for the purpose of determining state aid under this
25 section. This subsection expires September 1, 2024.

26 SECTION 6. Subchapter F, Chapter 48, Education Code, is
27 amended by adding Section 48.2543 to read as follows:

1 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION
2 AND LIMITATION ON TAX INCREASES FOR THE 2023-2024 SCHOOL YEAR. (a)
3 For the 2023-2024 school year, a school district is entitled to
4 additional state aid to the extent that state and local revenue
5 under this chapter and Chapter 49 is less than the state and local
6 revenue that would have been available to the district under this
7 chapter and Chapter 49 as those chapters existed on September 1,
8 2022, if the increase in the residence homestead exemption under
9 Section 1-b(c), Article VIII, Texas Constitution, and the
10 additional limitation on tax increases under Section 1-b(d) of that
11 article as proposed by the 87th Legislature, 3rd Called Session,
12 2021, had not occurred.

13 (b) The lesser of the school district's currently adopted
14 maintenance and operations tax rate or the adopted maintenance and
15 operations tax rate for the 2022 tax year is used for the purpose of
16 determining additional state aid under Subsection (a).

17 (c) This section expires September 1, 2024.

18 SECTION 7. The changes in law made by this Act to Sections
19 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
20 begins on or after January 1, 2023.

21 SECTION 8. This Act takes effect January 1, 2023, but only
22 if the constitutional amendment proposed by the 87th Legislature,
23 3rd Called Session, 2021, to appropriate money from the economic
24 stabilization fund to the foundation school fund and use the money
25 to finance a temporary increase in the amount of the exemption of
26 residence homesteads from ad valorem taxation by a school district
27 and a temporary reduction in the amount of the limitation on school

1 district ad valorem taxes imposed on the residence homesteads of
2 the elderly or disabled to reflect the increased exemption amount
3 is approved by the voters. If that amendment is not approved by the
4 voters, this Act has no effect.