

By: Zwiener

H.B. No. 4348

A BILL TO BE ENTITLED

1 AN ACT  
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 2023 [~~2015~~] tax  
22 year, the amount of the limitation provided by this section for the  
23 2023 tax year is the amount of tax the school district imposed for  
24 the 2022 [~~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 2023 [~~2015~~] tax year, plus any 2023  
27 [~~2015~~] tax attributable to improvements made in 2022 [~~2014~~], other

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

3 SECTION 3. Section 46.071, Education Code, is amended by  
4 amending Subsections (a), (b), and (c) and adding Subsections  
5 (a-1), (b-1), and (c-1) to read as follows:

6 (a) Beginning with the 2015-2016 school year and continuing  
7 through the 2022-2023 school year, a school district is entitled to  
8 additional state aid under this subchapter to the extent that state  
9 and local revenue used to service debt eligible under this chapter  
10 is less than the state and local revenue that would have been  
11 available to the district under this chapter as it existed on  
12 September 1, 2015, if 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 S.J.R. 1, 84th Legislature, Regular  
16 Session, 2015, had not occurred.

17 (a-1) Beginning with the 2023-2024 school year, a school  
18 district is entitled to additional state aid under this subchapter  
19 to the extent that state and local revenue used to service debt  
20 eligible under this chapter is less than the state and local revenue  
21 that would have been available to the district under this chapter as  
22 it existed on September 1, 2022, if any increase in the residence  
23 homestead exemption under Section 1-b(c), Article VIII, Texas  
24 Constitution, and any additional limitation on tax increases under  
25 Section 1-b(d) of that article as proposed by the 87th Legislature,  
26 Regular Session, 2021, had not occurred.

27 (b) Subject to Subsections (c), (d), and (e) [~~(e)-(e)~~],

1 additional state aid under this section through the 2022-2023  
2 school year is equal to the amount by which the loss of local  
3 interest and sinking revenue for debt service attributable to the  
4 increase in the residence homestead exemption under Section 1-b(c),  
5 Article VIII, Texas Constitution, and the additional limitation on  
6 tax increases under Section 1-b(d) of that article as proposed by  
7 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by  
8 a gain in state aid under this chapter.

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

18 (c) For the purpose of determining state aid under  
19 Subsections (a) and (b) [~~this section~~], local interest and sinking  
20 revenue for debt service is limited to revenue required to service  
21 debt eligible under this chapter as of September 1, 2015, including  
22 refunding of that debt, subject to Section 46.061. The limitation  
23 imposed by Section 46.034(a) does not apply for the purpose of  
24 determining state aid under this section.

25 (c-1) For the purpose of determining state aid under  
26 Subsections (a-1) and (b-1), local interest and sinking revenue for  
27 debt service is limited to revenue required to service debt

1 eligible under this chapter as of September 1, 2022, including  
2 refunding of that debt, subject to Section 46.061. The limitation  
3 imposed by Section 46.034(a) does not apply for the purpose of  
4 determining state aid under this section.

5 SECTION 4. Subchapter F, Chapter 48, Education Code, is  
6 amended by adding Section 48.2541 to read as follows:

7 Sec. 48.2541. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
8 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2023-2024  
9 school year, a school district is entitled to additional state aid  
10 to the extent that state and local revenue under this chapter and  
11 Chapter 49 is less than the state and local revenue that would have  
12 been available to the district under this chapter and Chapter 49 as  
13 those chapters existed on September 1, 2022, if any increase in the  
14 residence homestead exemption under Section 1-b(c), Article VIII,  
15 Texas Constitution, and any additional limitation on tax increases  
16 under Section 1-b(d) of that article as proposed by the 87th  
17 Legislature, Regular Session, 2021, had not occurred.

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

22 SECTION 5. 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, 2023.

25 SECTION 6. This Act takes effect January 1, 2023, but only  
26 if the constitutional amendment proposed by the 87th Legislature,  
27 Regular Session, 2021, 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.