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HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Martinez Fischer

1 Amend C.S.H.B. No. 2 (house committee report) as follows:

2 (1) Strike Article 4 of the substitute (page 3, line 10,
3 through page 10, line 24) and substitute the following:

4 ARTICLE 4. SCHOOL DISTRICT RESIDENCE HOMESTEAD EXEMPTION INCREASE

5 SECTION 4.01. Section 11.13(b), Tax Code, is amended to
6 read as follows:

7 (b) An adult is entitled to exemption from taxation by a
8 school district of \$100,000 [~~\$40,000~~] of the appraised value of the
9 adult's residence homestead, except that only \$5,000 of the
10 exemption applies to an entity operating under former Chapter 17,
11 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
12 May 1, 1995, as permitted by Section 11.301, Education Code.

13 SECTION 4.02. Section 11.26, Tax Code, is amended by
14 amending Subsections (a), (a-10), and (o) and adding Subsection
15 (a-11) to read as follows:

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

1 and the residence homestead remains eligible for the same exemption
2 for the next year, and if the school district taxes imposed on the
3 residence homestead in the next year are less than the amount of
4 taxes imposed in that first year, a school district may not
5 subsequently increase the total annual amount of ad valorem taxes
6 it imposes on the residence homestead above the amount it imposed in
7 the year immediately following the first year for which the
8 individual qualified that residence homestead for the same
9 exemption, except as provided by Subsection (b). If the first tax
10 year the individual qualified the residence homestead for the
11 exemption provided by Section 11.13(c) for individuals 65 years of
12 age or older or disabled was a tax year before the 2024 [~~2015~~] tax
13 year, the amount of the limitation provided by this section for the
14 2024 tax year is the amount of the limitation as computed under
15 Subsection (a-10) of this section [~~tax the school district imposed~~
16 ~~for the 2014 tax year~~] less an amount equal to the product of
17 \$60,000 and [~~amount determined by multiplying \$10,000 times~~] the
18 tax rate of the school district for the 2024 [~~2015~~] tax year[, ~~plus~~
19 ~~any 2015 tax attributable to improvements made in 2014, other than~~
20 ~~improvements made to comply with governmental regulations or~~
21 ~~repairs~~].

22 (a-10) For purposes of this section, "maximum compressed
23 rate" means the maximum compressed rate of a school district as
24 calculated under Section 48.2551, Education Code. Notwithstanding
25 the other provisions of this section, if in the 2024 or a subsequent
26 tax year an individual qualifies for a limitation on tax increases
27 provided by this section on the individual's residence homestead,
28 the amount of the limitation provided by this section on the
29 homestead is equal to the amount computed by:

30 (1) multiplying the taxable value of the homestead in
31 the preceding tax year by a tax rate equal to the difference between

1 the school district's maximum compressed rate for the preceding tax
2 year and the district's maximum compressed rate for the current tax
3 year;

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

7 (3) adding any tax imposed in the current tax year
8 attributable to improvements made in the preceding tax year as
9 provided by Subsection (b) to the amount computed under Subdivision
10 (2).

11 (a-11) This subsection applies only to an individual who in
12 the 2024 tax year qualifies for a limitation under this section and
13 for whom the 2021 tax year or an earlier tax year was the first tax
14 year the individual or the individual's spouse qualified for an
15 exemption under Section 11.13(c). The amount of the limitation
16 provided by this section on the residence homestead of an
17 individual to which this subsection applies for the 2024 tax year is
18 the amount of the limitation for the 2024 tax year as otherwise
19 computed under this section less an amount equal to the product of
20 \$15,000 and the tax rate of the school district for the 2022 tax
21 year. This subsection expires January 1, 2025.

22 (o) Notwithstanding Subsections (a) [~~7-(a-3),~~] and (b), an
23 improvement to property that would otherwise constitute an
24 improvement under Subsection (b) is not treated as an improvement
25 under that subsection if the improvement is a replacement structure
26 for a structure that was rendered uninhabitable or unusable by a
27 casualty or by wind or water damage. For purposes of appraising the
28 property in the tax year in which the structure would have
29 constituted an improvement under Subsection (b), the replacement
30 structure is considered to be an improvement under that subsection
31 only if:

1 (1) the square footage of the replacement structure
2 exceeds that of the replaced structure as that structure existed
3 before the casualty or damage occurred; or

4 (2) the exterior of the replacement structure is of
5 higher quality construction and composition than that of the
6 replaced structure.

7 SECTION 4.03. Section 46.071, Education Code, is amended by
8 amending Subsections (a-1) and (b-1) and adding Subsections (a-2),
9 (b-2), and (c-2) to read as follows:

10 (a-1) For ~~[Beginning with]~~ the 2022-2023 and 2023-2024
11 school years ~~[year]~~, a school district is entitled to additional
12 state aid under this subchapter to the extent that state and local
13 revenue used to service debt eligible under this chapter is less
14 than the state and local revenue that would have been available to
15 the district under this chapter as it existed on September 1, 2021,
16 if any increase in the residence homestead exemption under Section
17 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
18 Legislature, 3rd Called Session, 2021, had not occurred.

19 (a-2) Beginning with the 2024-2025 school year, a school
20 district is entitled to additional state aid under this subchapter
21 to the extent that state and local revenue used to service debt
22 eligible under this chapter is less than the state and local revenue
23 that would have been available to the district under this chapter as
24 it existed on September 1, 2023, if any increase in the residence
25 homestead exemption under Section 1-b(c), Article VIII, Texas
26 Constitution, and any additional limitation on tax increases under
27 Section 1-b(d) of that article as proposed by the 88th Legislature,
28 Regular Session, 2023, had not occurred.

29 (b-1) Subject to Subsections (c-1), (d), and (e),
30 additional state aid under this section for ~~[beginning with]~~ the
31 2022-2023 and 2023-2024 school years ~~[year]~~ is equal to the amount

1 by which the loss of local interest and sinking revenue for debt
2 service attributable to any increase in the residence homestead
3 exemption under Section 1-b(c), Article VIII, Texas Constitution,
4 as proposed by the 87th Legislature, 3rd Called Session, 2021, is
5 not offset by a gain in state aid under this chapter.

6 (b-2) Subject to Subsections (c-2), (d), and (e),
7 additional state aid under this section beginning with the
8 2024-2025 school year is equal to the amount by which the loss of
9 local interest and sinking revenue for debt service attributable to
10 any increase in the residence homestead exemption under Section
11 1-b(c), Article VIII, Texas Constitution, and any additional
12 limitation on tax increases under Section 1-b(d) of that article as
13 proposed by the 88th Legislature, Regular Session, 2023, is not
14 offset by a gain in state aid under this chapter.

15 (c-2) For the purpose of determining state aid under
16 Subsections (a-2) and (b-2), 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, 2023, 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 4.04. Section 48.2542, Education Code, is amended
23 to read as follows:

24 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
25 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
26 Notwithstanding any other provision of this chapter, if a school
27 district is not fully compensated through state aid or the
28 calculation of excess local revenue under this chapter based on the
29 determination of the district's taxable value of property under
30 Subchapter M, Chapter 403, Government Code, the district is
31 entitled to additional state aid in the amount necessary to fully

1 compensate the district for the amount of ad valorem tax revenue
2 lost due to a reduction of the amount of the limitation on tax
3 increases provided by Sections 11.26(a-10) and (a-11) [~~11.26(a-4),~~
4 ~~(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10)~~], Tax Code, as
5 applicable.

6 SECTION 4.05. Effective January 1, 2025, Section 48.2542,
7 Education Code, is amended to read as follows:

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

21 SECTION 4.06. Section 48.2543, Education Code, is amended
22 to read as follows:

23 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD
24 EXEMPTION. (a) For [~~Beginning with~~] the 2022-2023 and 2023-2024
25 school years [~~year~~], a school district is entitled to additional
26 state aid to the extent that state and local revenue under this
27 chapter and Chapter 49 is less than the state and local revenue that
28 would have been available to the district under this chapter and
29 Chapter 49 as those chapters existed on September 1, 2021, if any
30 increase in the residence homestead exemption under Section 1-b(c),
31 Article VIII, Texas Constitution, as proposed by the 87th

1 Legislature, 3rd Called Session, 2021, had not occurred.

2 (a-1) Beginning with the 2024-2025 school year, a school
3 district is entitled to additional state aid to the extent that
4 state and local revenue under this chapter and Chapter 49 is less
5 than the state and local revenue that would have been available to
6 the district under this chapter and Chapter 49 as those chapters
7 existed on September 1, 2023, if any increase in the residence
8 homestead exemption under Section 1-b(c), Article VIII, Texas
9 Constitution, and any additional limitation on tax increases under
10 Section 1-b(d) of that article as proposed by the 88th Legislature,
11 Regular Session, 2023, had not occurred.

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

15 (1) the 2021 tax year is used for the purpose of
16 determining additional state aid under Subsection (a); and

17 (2) the 2023 tax year is used for the purpose of
18 determining additional state aid under Subsection (a-1).

19 SECTION 4.07. Section 48.2556(a), Education Code, is
20 amended to read as follows:

21 (a) For purposes of allowing the chief appraiser of each
22 appraisal district and the assessor for each school district to
23 make the calculations required by Sections 11.26(a-10) and (a-11),
24 Tax Code, the [The] agency shall post [the following information]
25 on the agency's Internet website [for purposes of allowing the
26 chief appraiser of each appraisal district and the assessor for
27 each school district to make the calculations required by Sections
28 11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:

29 [(-1)] each school district's maximum compressed rate,
30 as determined under Section 48.2551, for each tax year beginning
31 with the 2022 [2019] tax year[, and

1 ~~[(2) each school district's tier one maintenance and~~
2 ~~operations tax rate, as provided by Section 45.0032(a), for the~~
3 ~~2018 tax year].~~

4 SECTION 4.08. Effective January 1, 2025, Section
5 48.2556(a), Education Code, is amended to read as follows:

6 (a) For purposes of allowing the chief appraiser of each
7 appraisal district and the assessor for each school district to
8 make the calculations required by Section 11.26(a-10), Tax Code,
9 the [The] agency shall post [the following information] on the
10 agency's Internet website [for purposes of allowing the chief
11 appraiser of each appraisal district and the assessor for each
12 school district to make the calculations required by Sections
13 11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:

14 ~~[(1)]~~ each school district's maximum compressed rate,
15 as determined under Section 48.2551, for the current [each] tax
16 year and the preceding [beginning with the 2019] tax year~~, and~~

17 ~~[(2) each school district's tier one maintenance and~~
18 ~~operations tax rate, as provided by Section 45.0032(a), for the~~
19 ~~2018 tax year].~~

20 SECTION 4.09. Section 403.302, Government Code, is amended
21 by amending Subsection (j-1) and adding Subsection (j-2) to read as
22 follows:

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

29 (j-2) In the final certification of the study under
30 Subsection (j), the comptroller shall separately identify the final
31 taxable value for each school district as adjusted to account for

1 the reduction of the amount of the limitation on tax increases
2 provided by Section 11.26(a-11), Tax Code. This subsection expires
3 January 1, 2025.

4 SECTION 4.10. Sections 11.26(a-1), (a-2), (a-3), (a-4),
5 (a-5), (a-6), (a-7), (a-8), and (a-9), Tax Code, are repealed.

6 SECTION 4.11. The changes in law made by this article to
7 Sections 11.13 and 11.26, Tax Code, apply only to an ad valorem tax
8 year that begins on or after January 1, 2024.

9 (2) Strike SECTION 5.03 of the substitute (page 11, lines 3
10 through 11) and substitute the following appropriately numbered
11 SECTION:

12 SECTION _____. Except as otherwise provided by Article 4 of
13 this Act, Article 4 of this Act takes effect January 1, 2024, but
14 only if the constitutional amendment proposed by H.J.R. No. 1, 88th
15 Legislature, Regular Session, 2023, is approved by the voters. If
16 that amendment is not approved by the voters, Article 4 of this Act
17 has no effect.