

By: Raymond

H.B. No. 610

A BILL TO BE ENTITLED

AN ACT

1  
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 \$360,000 [~~\$40,000~~] 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, 2025, 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 \$40,000 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. Section 11.26(a), Tax Code, is amended to read as  
3 follows:

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

1 exemption provided by Section 11.13(c) for individuals 65 years of  
2 age or older or disabled was a tax year before the 2024 [2015] tax  
3 year, the amount of the limitation provided by this section for the  
4 2024 tax year is the amount of the limitation as computed under  
5 Subsection (a-10) of this section [~~tax the school district imposed~~  
6 ~~for the 2014 tax year~~] less an amount equal to the product of  
7 \$320,000 and [~~amount determined by multiplying \$10,000 times~~] the  
8 tax rate of the school district for the 2024 [2015] tax year[, ~~plus~~  
9 ~~any 2015 tax attributable to improvements made in 2014, other than~~  
10 ~~improvements made to comply with governmental regulations or~~  
11 ~~repairs~~]. If the first tax year the individual qualified the  
12 residence homestead for the exemption provided by Section 11.13(c)  
13 for individuals 65 years of age or older or disabled was the 2024  
14 tax year or an earlier tax year, the amount of the limitation  
15 provided by this section for the 2025 tax year is the amount of the  
16 limitation as computed under Subsection (a-10) of this section plus  
17 an amount equal to the product of \$320,000 and the tax rate of the  
18 school district for the 2024 tax year.

19 SECTION 4. Section 46.071, Education Code, is amended by  
20 adding Subsections (a-2), (b-2), and (c-2) to read as follows:

21 (a-2) Notwithstanding Subsection (a-1), for the 2024-2025  
22 school year, a school district is entitled to additional state aid  
23 under this subchapter to the extent that state and local revenue  
24 used to service debt eligible under this chapter is less than the  
25 state and local revenue that would have been available to the  
26 district under this chapter as it existed on September 1, 2023, if  
27 the increase in the residence homestead exemption under Section

1 1-b(c), Article VIII, Texas Constitution, and the additional  
2 limitation on tax increases under Section 1-b(d) of that article as  
3 proposed by the 88th Legislature, Regular Session, 2023, had not  
4 occurred. This subsection expires September 1, 2025.

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

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. This subsection expires  
22 September 1, 2025.

23 SECTION 5. Section 48.2543, Education Code, is amended by  
24 adding Subsections (a-1) and (b-1) to read as follows:

25 (a-1) Notwithstanding Subsection (a), for the 2024-2025  
26 school year, a school district is entitled to additional state aid  
27 to the extent that state and local revenue under this chapter and

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

9 (b-1) Notwithstanding Subsection (b), for the 2024-2025  
10 school year, the lesser of the school district's currently adopted  
11 maintenance and operations tax rate or the adopted maintenance and  
12 operations tax rate for the 2023 tax year is used for the purpose of  
13 determining additional state aid under Subsection (a-1). This  
14 subsection expires September 1, 2025.

15 SECTION 6. The changes in law made by this Act to Sections  
16 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that  
17 begins on or after January 1, 2024.

18 SECTION 7. This Act takes effect January 1, 2024, but only  
19 if the constitutional amendment proposed by the 88th Legislature,  
20 Regular Session, 2023, to appropriate money from the general  
21 revenue fund to the foundation school fund and use the money to  
22 finance a temporary increase in the amount of the exemption of  
23 residence homesteads from ad valorem taxation by a school district  
24 and a temporary reduction in the amount of the limitation on school  
25 district ad valorem taxes imposed on the residence homesteads of  
26 the elderly or disabled to reflect the increased exemption amount  
27 is approved by the voters. If that constitutional amendment is not

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1 approved by the voters, this Act has no effect.