

By: Martinez Fischer

H.B. No. 2467

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, an
4 adjustment 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 increases in the 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 \$100,000 [~~\$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. Section 11.26, Tax Code, is amended by amending
19 Subsections (a), (a-10), and (o) and adding Subsection (a-11) to
20 read as follows:

21 (a) The tax officials shall appraise the property to which
22 this section applies and calculate taxes as on other property, but
23 if the tax so calculated exceeds the limitation imposed by this
24 section, the tax imposed is the amount of the tax as limited by this

1 section, except as otherwise provided by this section. A school
2 district may not increase the total annual amount of ad valorem tax
3 it imposes on the residence homestead of an individual 65 years of
4 age or older or on the residence homestead of an individual who is
5 disabled, as defined by Section 11.13, above the amount of the tax
6 it imposed in the first tax year in which the individual qualified
7 that residence homestead for the applicable exemption provided by
8 Section 11.13(c) for an individual who is 65 years of age or older
9 or is disabled. If the individual qualified that residence
10 homestead for the exemption after the beginning of that first year
11 and the residence homestead remains eligible for the same exemption
12 for the next year, and if the school district taxes imposed on the
13 residence homestead in the next year are less than the amount of
14 taxes imposed in that first year, a school district may not
15 subsequently increase the total annual amount of ad valorem taxes
16 it imposes on the residence homestead above the amount it imposed in
17 the year immediately following the first year for which the
18 individual qualified that residence homestead for the same
19 exemption, except as provided by Subsection (b). If the first tax
20 year the individual qualified the residence homestead for the
21 exemption provided by Section 11.13(c) for individuals 65 years of
22 age or older or disabled was a tax year before the 2024 [~~2015~~] tax
23 year, the amount of the limitation provided by this section for the
24 2024 tax year is the amount of the limitation as computed under
25 Subsection (a-10) of this section [~~tax the school district imposed~~
26 ~~for the 2014 tax year~~] less an amount equal to the product of
27 \$60,000 and [~~amount determined by multiplying \$10,000 times~~] the

1 tax rate of the school district for the 2024 [2015] tax year [~~, plus~~
2 ~~any 2015 tax attributable to improvements made in 2014, other than~~
3 ~~improvements made to comply with governmental regulations or~~
4 ~~repairs~~].

5 (a-10) For purposes of this section, "maximum compressed
6 rate" means the maximum compressed rate of a school district as
7 calculated under Section 48.2551, Education Code. Notwithstanding
8 the other provisions of this section, if in the 2024 or a subsequent
9 tax year an individual qualifies for a limitation on tax increases
10 provided by this section on the individual's residence homestead,
11 the amount of the limitation provided by this section on the
12 homestead is equal to the amount computed by:

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

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

21 (3) adding any tax imposed in the current tax year
22 attributable to improvements made in the preceding tax year as
23 provided by Subsection (b) to the amount computed under Subdivision
24 (2).

25 (a-11) This subsection applies only to an individual who in
26 the 2024 tax year qualifies for a limitation under this section and
27 for whom the 2021 tax year or an earlier tax year was the first tax

1 year the individual or the individual's spouse qualified for an
2 exemption under Section 11.13(c). The amount of the limitation
3 provided by this section on the residence homestead of an
4 individual to which this subsection applies for the 2024 tax year is
5 the amount of the limitation for the 2024 tax year as otherwise
6 computed under this section less an amount equal to the product of
7 \$15,000 and the tax rate of the school district for the 2022 tax
8 year. This subsection expires January 1, 2025.

9 (o) Notwithstanding Subsections (a)[~~(a-3)~~] and (b), an
10 improvement to property that would otherwise constitute an
11 improvement under Subsection (b) is not treated as an improvement
12 under that subsection if the improvement is a replacement structure
13 for a structure that was rendered uninhabitable or unusable by a
14 casualty or by wind or water damage. For purposes of appraising the
15 property in the tax year in which the structure would have
16 constituted an improvement under Subsection (b), the replacement
17 structure is considered to be an improvement under that subsection
18 only if:

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

22 (2) the exterior of the replacement structure is of
23 higher quality construction and composition than that of the
24 replaced structure.

25 SECTION 3. Section 46.071, Education Code, is amended by
26 amending Subsections (a-1) and (b-1) and adding Subsections (a-2),
27 (b-2), and (c-2) to read as follows:

1 (a-1) For [~~Beginning with~~] the 2022-2023 and 2023-2024
2 school years [~~year~~], a school district is entitled to additional
3 state aid under this subchapter to the extent that state and local
4 revenue used to service debt eligible under this chapter is less
5 than the state and local revenue that would have been available to
6 the district under this chapter as it existed on September 1, 2021,
7 if any increase in the residence homestead exemption under Section
8 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
9 Legislature, 3rd Called Session, 2021, had not occurred.

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

20 (b-1) Subject to Subsections (c-1), (d), and (e),
21 additional state aid under this section for [~~beginning with~~] the
22 2022-2023 and 2023-2024 school years [~~year~~] is equal to the amount
23 by which the loss of local interest and sinking revenue for debt
24 service attributable to any increase in the residence homestead
25 exemption under Section 1-b(c), Article VIII, Texas Constitution,
26 as proposed by the 87th Legislature, 3rd Called Session, 2021, is
27 not offset by a gain in state aid under this chapter.

1 (b-2) Subject to Subsections (c-2), (d), and (e),
2 additional state aid under this section beginning with the
3 2024-2025 school year is equal to the amount by which the loss of
4 local interest and sinking revenue for debt service attributable to
5 any increase in the residence homestead exemption under Section
6 1-b(c), Article VIII, Texas Constitution, and any additional
7 limitation on tax increases under Section 1-b(d) of that article as
8 proposed by the 88th Legislature, Regular Session, 2023, is not
9 offset by a gain in state aid under this chapter.

10 (c-2) For the purpose of determining state aid under
11 Subsections (a-2) and (b-2), local interest and sinking revenue for
12 debt service is limited to revenue required to service debt
13 eligible under this chapter as of September 1, 2024, including
14 refunding of that debt, subject to Section 46.061. The limitation
15 imposed by Section 46.034(a) does not apply for the purpose of
16 determining state aid under this section.

17 SECTION 4. Section 48.2542, Education Code, is amended to
18 read as follows:

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

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

5 SECTION 5. Effective January 1, 2025, Section 48.2542,
6 Education Code, is amended to read as follows:

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

20 SECTION 6. Section 48.2543, Education Code, is amended to
21 read as follows:

22 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD
23 EXEMPTION. (a) For [~~Beginning with~~] the 2022-2023 and 2023-2024
24 school years [~~year~~], a school district is entitled to additional
25 state aid to the extent that state and local revenue under this
26 chapter and Chapter 49 is less than the state and local revenue that
27 would have been available to the district under this chapter and

1 Chapter 49 as those chapters existed on September 1, 2021, if any
2 increase in the residence homestead exemption under Section 1-b(c),
3 Article VIII, Texas Constitution, as proposed by the 87th
4 Legislature, 3rd Called Session, 2021, had not occurred.

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

15 (b) The lesser of the school district's currently adopted
16 maintenance and operations tax rate or the adopted maintenance and
17 operations tax rate for:

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

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

22 SECTION 7. Section 48.2556(a), Education Code, is amended
23 to read as follows:

24 (a) For purposes of allowing the chief appraiser of each
25 appraisal district and the assessor for each school district to
26 make the calculations required by Sections 11.26(a-10) and (a-11),
27 Tax Code, the [The] agency shall post [the following information]

1 on the agency's Internet website [~~for purposes of allowing the~~
2 ~~chief appraiser of each appraisal district and the assessor for~~
3 ~~each school district to make the calculations required by Sections~~
4 ~~11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:~~

5 [~~(1)~~] each school district's maximum compressed rate,
6 as determined under Section 48.2551, for each tax year beginning
7 with the 2022 [~~2019~~] tax year [~~, and~~

8 [~~(2)~~ ~~each school district's tier one maintenance and~~
9 ~~operations tax rate, as provided by Section 45.0032(a), for the~~
10 ~~2018 tax year~~].

11 SECTION 8. Effective January 1, 2025, Section 48.2556(a),
12 Education Code, is amended to read as follows:

13 (a) For purposes of allowing the chief appraiser of each
14 appraisal district and the assessor for each school district to
15 make the calculations required by Section 11.26(a-10), Tax Code,
16 the [~~The~~] agency shall post [~~the following information~~] on the
17 agency's Internet website [~~for purposes of allowing the chief~~
18 ~~appraiser of each appraisal district and the assessor for each~~
19 ~~school district to make the calculations required by Sections~~
20 ~~11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:~~

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

24 [~~(2)~~ ~~each school district's tier one maintenance and~~
25 ~~operations tax rate, as provided by Section 45.0032(a), for the~~
26 ~~2018 tax year~~].

27 SECTION 9. Section 403.302, Government Code, is amended by

1 amending Subsection (j-1) and adding Subsection (j-2) to read as
2 follows:

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

9 (j-2) In the final certification of the study under
10 Subsection (j), the comptroller shall separately identify the final
11 taxable value for each school district as adjusted to account for
12 the reduction of the amount of the limitation on tax increases
13 provided by Section 11.26(a-11), Tax Code. This subsection expires
14 January 1, 2025.

15 SECTION 10. Sections 11.26(a-1), (a-2), (a-3), (a-4),
16 (a-5), (a-6), (a-7), (a-8), and (a-9), Tax Code, are repealed.

17 SECTION 11. The changes in law made by this Act to Sections
18 11.13 and 11.26, Tax Code, apply only to an ad valorem tax year that
19 begins on or after January 1, 2024.

20 SECTION 12. Except as otherwise provided by this Act, this
21 Act takes effect January 1, 2024, but only if the constitutional
22 amendment proposed by the 88th Legislature, Regular Session, 2023,
23 to increase the amount of the exemption of residence homesteads
24 from ad valorem taxation by a school district and to adjust the
25 amount of the limitation on school district ad valorem taxes
26 imposed on the residence homesteads of the elderly or disabled to
27 reflect increases in the exemption amount is approved by the

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1 voters. If that amendment is not approved by the voters, this Act
2 has no effect.