

By: Howard

H.B. No. 5042

A BILL TO BE ENTITLED

AN ACT

1
2 relating to an adjustment of the limitation on the total amount of
3 ad valorem taxes that may be imposed by a school district on the
4 residence homestead of an individual who is elderly or disabled to
5 reflect the most recent increase in the amount of the exemption of
6 residence homesteads from ad valorem taxation by a school district
7 and the protection of school districts against the resulting loss
8 in local revenue.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

10 SECTION 1. Section 11.26, Tax Code, is amended by adding
11 Subsection (a-11) to read as follows:

12 (a-11) This subsection applies only to an individual who in
13 the 2024 tax year qualifies for a limitation under this section and
14 for whom the 2021 tax year or an earlier tax year was the first tax
15 year the individual or the individual's spouse qualified for an
16 exemption under Section 11.13(c). The amount of the limitation
17 provided by this section on the residence homestead of an
18 individual to which this subsection applies for the 2024 tax year is
19 the amount of the limitation as computed under Subsection (a-10) of
20 this section less an amount equal to the product of \$15,000 and the
21 tax rate of the school district for the 2022 tax year. This
22 subsection expires January 1, 2025.

23 SECTION 2. Section 46.071, Education Code, is amended by
24 adding Subsection (a-2) and amending Subsections (b-1) and (c-1) to

1 read as follows:

2 (a-2) Beginning with the 2024-2025 school year, in addition
3 to state aid a school district is entitled to under Subsection
4 (a-1), a school district is entitled to additional state aid under
5 this subchapter to the extent that state and local revenue used to
6 service debt eligible under this chapter is less than the state and
7 local revenue that would have been available to the district under
8 this chapter as it existed on September 1, 2023, if any additional
9 limitation on tax increases under Section 1-b(d), Article VIII,
10 Texas Constitution, as proposed by the 88th Legislature, Regular
11 Session, 2023, had not occurred.

12 (b-1) Subject to Subsections (c-1), (d), and (e),
13 additional state aid under this section beginning with the
14 2022-2023 school year is equal to the amount by which the loss of
15 local interest and sinking revenue for debt service attributable to
16 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, and any additional
19 limitation on tax increases under Section 1-b(d), Article VIII,
20 Texas Constitution, as proposed by the 88th Legislature, Regular
21 Session, 2023, is not offset by a gain in state aid under this
22 chapter.

23 (c-1) For the purpose of determining state aid under
24 Subsection [~~Subsections~~] (a-1) or (a-2) [~~and (b-1)~~], local interest
25 and sinking revenue for debt service is limited to revenue required
26 to service debt eligible under this chapter as of September 1, 2021,
27 or as of September 1, 2023, respectively, including refunding of

1 the applicable [~~that~~] debt, subject to Section 46.061. The
2 limitation imposed by Section 46.034(a) does not apply for the
3 purpose of determining state aid under Subsection (a-1) or (a-2)
4 [~~this section~~].

5 SECTION 3. Section 48.2542, Education Code, is amended to
6 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 Sections 11.26(a-4), (a-5), (a-6), (a-7),
18 (a-8), (a-9), [~~and~~] (a-10), and (a-11), Tax Code, as applicable.

19 SECTION 4. Effective January 1, 2025, Section 48.2542,
20 Education Code, is amended to read as follows:

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

1 entitled to additional state aid in the amount necessary to fully
2 compensate the district for the amount of ad valorem tax revenue
3 lost due to a reduction of the amount of the limitation on tax
4 increases provided by Sections 11.26(a-4), (a-5), (a-6), (a-7),
5 (a-8), (a-9), and (a-10), Tax Code, as applicable.

6 SECTION 5. Section 48.2543, Education Code, is amended by
7 adding Subsection (a-1) and amending Subsection (b) to read as
8 follows:

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

19 (b) The lesser of the school district's currently adopted
20 maintenance and operations tax rate or the adopted maintenance and
21 operations tax rate for:

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

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

26 SECTION 6. Section 48.2556(a), Education Code, is amended
27 to read as follows:

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

7 (1) each school district's maximum compressed rate, as
8 determined under Section 48.2551, for each tax year beginning with
9 the 2019 tax year; and

10 (2) each school district's tier one maintenance and
11 operations tax rate, as provided by Section 45.0032(a), for the
12 2018 tax year.

13 SECTION 7. Effective January 1, 2025, Section 48.2556(a),
14 Education Code, is amended to read as follows:

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

20 (1) each school district's maximum compressed rate, as
21 determined under Section 48.2551, for each tax year beginning with
22 the 2019 tax year; and

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

26 SECTION 8. Section 403.302, Government Code, is amended by
27 adding Subsection (j-2) to read as follows:

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

7 SECTION 9. The change in law made by this Act to Section
8 11.26, Tax Code, applies only to an ad valorem tax year that begins
9 on or after January 1, 2024.

10 SECTION 10. Except as otherwise provided by this Act, this
11 Act takes effect January 1, 2024, but only if the constitutional
12 amendment proposed by the 88th Legislature, Regular Session, 2023,
13 providing for an adjustment of the limitation on the total amount of
14 ad valorem taxes that may be imposed by a school district on the
15 residence homestead of a person who is elderly or disabled to
16 reflect the most recent increase in the amount of the exemption of
17 residence homesteads from ad valorem taxation by a school district
18 is approved by the voters. If that amendment is not approved by the
19 voters, this Act has no effect.