AN ACT
relating to certain restrictions on the imposition of ad valorem
taxes and to the duty of the state to reimburse certain political
subdivisions for certain revenue loss; making conforming changes.

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

SECTION 1. Section 11.13, Tax Code, is amended by amending
Subsection (b) and adding Subsection (n-1) to read as follows:

(b) An adult is entitled to exemption from taxation by a
school district of $25,000 [$15,000] of the appraised value of the
adult’s residence homestead, except that only $5,000 [$10,000] of
the exemption applies [does not apply] to an entity operating under
former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those
chapters existed on May 1, 1995, as permitted by Section 11.301,
Education Code.

(n-1) The governing body of a school district, municipality, or county that adopted an exemption under Subsection
(n) for the 2014 tax year may not reduce the amount of or repeal the
exemption. This subsection expires December 31, 2019.

SECTION 2. Section 11.26(a), Tax Code, is amended to read as
follows:

(a) The tax officials shall appraise the property to which
this section applies and calculate taxes as on other property, but
if the tax so calculated exceeds the limitation imposed by this
section, the tax imposed is the amount of the tax as limited by this
section, except as otherwise provided by this section. A school
district may not increase the total annual amount of ad valorem tax
it imposes on the residence homestead of an individual 65 years of
age or older or on the residence homestead of an individual who is
disabled, as defined by Section 11.13, above the amount of the tax
it imposed in the first tax year in which the individual qualified
that residence homestead for the applicable exemption provided by
Section 11.13(c) for an individual who is 65 years of age or older
or is disabled. If the individual qualified that residence
homestead for the exemption after the beginning of that first year
and the residence homestead remains eligible for the same exemption
for the next year, and if the school district taxes imposed on the
residence homestead in the next year are less than the amount of
taxes imposed in that first year, a school district may not
subsequently increase the total annual amount of ad valorem taxes
it imposes on the residence homestead above the amount it imposed in
the year immediately following the first year for which the
individual qualified that residence homestead for the same
exemption, except as provided by Subsection (b). If the first tax
year the individual qualified the residence homestead for the
exemption provided by Section 11.13(c) for individuals 65 years of
age or older or disabled was a tax year before the 2015 [1997] tax
year, the amount of the limitation provided by this section is the
amount of tax the school district imposed for the 2014 [1996] tax
year less an amount equal to the amount determined by multiplying
$10,000 times the tax rate of the school district for the 2015
improvements made in 2014 [1996], other than improvements made to comply with governmental regulations or repairs.

SECTION 3. Section 25.23, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) This subsection applies only to the appraisal records for the 2015 tax year. If the appraisal records submitted to the appraisal review board include the taxable value of residence homesteads or show the amount of the exemption under Section 11.13(b) applicable to residence homesteads, the chief appraiser shall prepare supplemental appraisal records that reflect an exemption amount under that subsection of $25,000. This subsection expires December 31, 2016.

SECTION 4. Section 26.04, Tax Code, is amended by adding Subsections (a-1) and (c-1) to read as follows:

(a-1) On receipt of the appraisal roll for the 2015 tax year, the assessor for a school district shall determine the total taxable value of property taxable by the school district and the taxable value of new property based on a residence homestead exemption under Section 11.13(b) of $25,000. This subsection expires December 31, 2016.

(c-1) An officer or employee designated by the governing body of a school district shall calculate the effective tax rate and the rollback tax rate of the school district for the 2015 tax year based on a residence homestead exemption under Section 11.13(b) of $25,000. This subsection expires December 31, 2016.

SECTION 5. Section 26.08, Tax Code, is amended by adding Subsection (q) to read as follows:
(q) For purposes of this section, the effective maintenance and operations tax rate and the rollback tax rate of a school district for the 2015 tax year shall be calculated based on a residence homestead exemption under Section 11.13(b) of $25,000. This subsection expires December 31, 2016.

SECTION 6. Section 26.09, Tax Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) The assessor for a school district shall calculate the amount of tax imposed by the school district on a residence homestead for the 2015 tax year based on an exemption under Section 11.13(b) of $15,000 and separately based on an exemption under that subsection of $25,000. This subsection expires December 31, 2016.

SECTION 7. Section 26.15, Tax Code, is amended by adding Subsection (h) to read as follows:

(h) The assessor for a school district shall correct the tax roll for the school district for the 2015 tax year to reflect the results of the election to approve the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015. This subsection expires December 31, 2016.

SECTION 8. Section 31.01, Tax Code, is amended by adding Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

(d-2) This subsection and Subsections (d-3) and (d-4) apply only to taxes imposed by a school district on a residence homestead for the 2015 tax year. The assessor for the school district shall compute the amount of taxes imposed and the other information required by this section based on a residence homestead exemption under Section 11.13(b) of $25,000. The tax bill or the separate
statement must indicate that the bill is a provisional tax bill and
include a statement in substantially the following form:

"If the amount of the exemption from ad valorem taxation by a
school district of a residence homestead had not been increased by
the Texas Legislature, your tax bill would have been $____ (insert
amount equal to the sum of the amount calculated under Section
26.09(c-1) based on an exemption under Section 11.13(b) of $15,000
and the total amount of taxes imposed by the other taxing units
whose taxes are included in the bill). Because of action by the
Texas Legislature increasing the amount of the residence homestead
exemption, your tax bill has been lowered by $____ (insert
difference between amount calculated under Section 26.09(c-1)
based on an exemption under Section 11.13(b) of $15,000 and amount
calculated under Section 26.09(c-1) based on an exemption under
Section 11.13(b) of $25,000), resulting in a lower tax bill of $____
(insert amount equal to the sum of the amount calculated under
Section 26.09(c-1) based on an exemption under Section 11.13(b) of
$25,000 and the total amount of taxes imposed by the other taxing
units whose taxes are included in the bill), contingent on the
approval by the voters at an election to be held November 3, 2015,
of a constitutional amendment authorizing the residence homestead
exemption increase. If the constitutional amendment is not
approved by the voters at the election, a supplemental school
district tax bill in the amount of $____ (insert difference between
amount calculated under Section 26.09(c-1) based on an exemption
under Section 11.13(b) of $15,000 and amount calculated under
Section 26.09(c-1) based on an exemption under Section 11.13(b) of
(d-3) A tax bill prepared by the assessor for a school district as provided by Subsection (d-2) and mailed to a person in whose name property subject to an exemption under Section 11.13(b) is listed on the tax roll and to the person's authorized agent as provided by Subsection (a) of this section is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015. If the constitutional amendment is approved by the voters, the tax bill is considered to be a final tax bill for the taxes imposed on the property for the 2015 tax year, and no additional tax bill is required to be mailed to the person and to the person's authorized agent, unless another provision of this title requires the mailing of a corrected tax bill. If the constitutional amendment is not approved by the voters:

(1) a tax bill prepared by the assessor for a school district as provided by Subsection (d-2) and mailed to a person in whose name property subject to an exemption under Section 11.13(b) is listed on the tax roll and to the person's authorized agent as provided by Subsection (a) of this section is considered to be a final tax bill but only as to the portion of the taxes imposed on the property for the 2015 tax year that are included in the bill;

(2) the amount of taxes imposed by each school district on a residence homestead for the 2015 tax year is calculated based on an exemption under Section 11.13(b) of $15,000; and

(3) except as provided by Subsections (f), (i-1), and
(k), the assessor for each school district shall prepare and mail a
supplemental tax bill, by December 1 or as soon thereafter as
practicable, to each person in whose name property subject to an
exemption under Section 11.13(b) is listed on the tax roll and to
the person's authorized agent in an amount equal to the difference
between the amount calculated under Section 26.09(c-1) based on an
exemption under Section 11.13(b) of $15,000 and the amount
calculated under Section 26.09(c-1) based on an exemption under
Section 11.13(b) of $25,000.

(d-4) Except as otherwise provided by Subsection (d-3), the
provisions of this section other than Subsection (d-2) apply to a
supplemental tax bill mailed under Subsection (d-3).

(d-5) This subsection and Subsections (d-2), (d-3), and
(d-4) expire December 31, 2016.

SECTION 9. Section 31.02, Tax Code, is amended by adding
Subsection (a-1) to read as follows:

(a-1) Except as provided by Subsection (b) of this section
and Sections 31.03 and 31.04, taxes for which a supplemental tax
bill is mailed under Section 31.01(d-3) are due on receipt of the
tax bill and are delinquent if not paid before March 1 of the year
following the year in which imposed. This subsection expires
December 31, 2016.

SECTION 10. Subchapter A, Chapter 41, Education Code, is
amended by adding Section 41.0011 to read as follows:

Sec. 41.0011. COMPUTATION OF WEALTH PER STUDENT FOR
2015-2016 SCHOOL YEAR. Notwithstanding any other provision of this
chapter, in computing a school district's wealth per student for
the 2015-2016 school year, a school district's taxable value of property under Subchapter M, Chapter 403, Government Code, is determined as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article in effect for the 2015 tax year as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had been in effect for the 2014 tax year. This section expires September 1, 2016.

SECTION 11. Section 41.004, Education Code, is amended by adding Subsections (a-1), (b-1), and (c-1) to read as follows:

(a-1) This subsection applies only if the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is approved by the voters in an election held for that purpose. As soon as practicable after receiving revised property values that reflect adoption of the constitutional amendment, the commissioner shall review the wealth per student of districts in the state and revise as necessary the notifications provided under Subsection (a) for the 2015-2016 school year. This subsection expires September 1, 2016.

(b-1) This subsection applies only to a district that has not previously held an election under this chapter and is not eligible to reduce the district's wealth per student in the manner authorized by Section 41.0041. Notwithstanding Subsection (b), a district that enters into an agreement to exercise an option to reduce the district's wealth per student under Section 41.003(3), (4), or (5) for the 2015-2016 school year may request and, as provided by Section 41.0042(a), receive approval from the
commissioner to delay the date of the election otherwise required
to be ordered before September 1. This subsection expires
September 1, 2016.

(c-1) Notwithstanding Subsection (c), a district that
receives approval from the commissioner to delay an election as
provided by Subsection (b-1) may adopt a tax rate for the 2015 tax
year before the commissioner certifies that the district has
achieved the equalized wealth level. This subsection expires
September 1, 2016.

SECTION A12. Subchapter A, Chapter 41, Education Code, is
amended by adding Section 41.0042 to read as follows:

Sec. 41.0042. TRANSITIONAL PROVISIONS: INCREASED
HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The
commissioner shall approve a district's request under Section
41.004(b-1) to delay the date of an election required under this
chapter if the commissioner determines that the district would not
have a wealth per student that exceeds the equalized wealth level if
the constitutional amendment proposed by S.J.R. 1, 84th
Legislature, Regular Session, 2015, were approved by the voters.

(b) The commissioner shall set a date by which each district
that receives approval under this section must order the election.

(c) Not later than the 2016-2017 school year, the
commissioner shall order detachment and annexation of property
under Subchapter G or consolidation under Subchapter H as necessary
to achieve the equalized wealth level for a district that receives
approval under this section and subsequently:

(1) fails to hold the election; or
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(2) does not receive voter approval at the election.

(d) This section expires September 1, 2017.

SECTION 13. Subchapter A, Chapter 41, Education Code, is amended by adding Section 41.0121 to read as follows:

Sec. 41.0121. TRANSITIONAL ELECTION DATES. (a) This section applies only to an election under this chapter that occurs during the 2015-2016 school year.

(b) Section 41.012 does not apply to a district that receives approval of a request under Section 41.0042. The district shall hold the election on a Tuesday or Saturday on or before a date specified by the commissioner. Section 41.001, Election Code, does not apply to the election.

(c) This section expires September 1, 2016.

SECTION 14. Section 41.094, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), a district that receives approval of a request under Section 41.0042 shall pay for credits purchased in equal monthly payments as determined by the commissioner beginning March 15, 2016, and ending August 15, 2016. This subsection expires September 1, 2016.

SECTION 15. Subchapter D, Chapter 41, Education Code, is amended by adding Section 41.0981 to read as follows:

Sec. 41.0981. TRANSITIONAL EARLY AGREEMENT CREDIT. Notwithstanding Section 41.098, a district that receives approval of a request under Section 41.0042 may receive the early agreement credit described by Section 41.098 for the 2015-2016 school year if the district orders the election and obtains voter approval not
later than the date specified by the commissioner. This section expires September 1, 2016.

SECTION 16. Section 41.208, Education Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), for the 2015-2016 school year, the commissioner shall order any detachments and annexations of property under this subchapter as soon as practicable after the canvass of the votes on the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015. This subsection expires September 1, 2016.

SECTION 17. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2518 to read as follows:

Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) For the 2015-2016 and 2016-2017 school years, a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 41 is less than the state and local revenue that would have been available to the district under Chapter 41 and this chapter as those chapters existed on September 1, 2015, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

(b) The lesser of the school district's currently adopted maintenance and operations tax rate or the adopted maintenance and operations tax rate for the 2014 tax year is used for the purpose of
determining additional state aid under this section.

(c) Revenue from a school district maintenance and operations tax that is levied to pay costs of a lease-purchase agreement as described by Section 46.004 and that is included in determining state assistance under Subchapter A, Chapter 46, is included for the purpose of calculating state aid under this section.

(d) The commissioner, using information provided by the comptroller and other information as necessary, shall compute the amount of additional state aid to which a district is entitled under this section. A determination by the commissioner under this section is final and may not be appealed.

(e) This section expires August 31, 2017.

SECTION 18. Effective September 1, 2017, Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2518 to read as follows:

Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2017-2018 school year, a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 41 is less than the state and local revenue that would have been available to the district under Chapter 41 and this chapter as those chapters existed on September 1, 2015, excluding any state aid that would have been provided under former Section 42.2516, if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as
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proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had
not occurred.

(b) The lesser of the school district's currently adopted
maintenance and operations tax rate or the adopted maintenance and
operations tax rate for the 2014 tax year is used for the purpose of
determining additional state aid under this section.

(c) Revenue from a school district maintenance and
operations tax that is levied to pay costs of a lease-purchase
agreement as described by Section 46.004 and that is included in
determining state assistance under Subchapter A, Chapter 46, is
included for the purpose of calculating state aid under this
section.

(d) The commissioner, using information provided by the
comptroller and other information as necessary, shall compute the
amount of additional state aid to which a district is entitled under
this section. A determination by the commissioner under this
section is final and may not be appealed.

SECTION 19. Section 42.252, Education Code, is amended by
adding Subsection (e) to read as follows:

(e) Notwithstanding any other provision of this chapter, in
computing each school district's local share of program cost under
this section for the 2015-2016 school year, a school district's
taxable value of property under Subchapter M, Chapter 403,
Government Code, is determined as if the increase in the residence
homestead exemption under Section 1-b(c), Article VIII, Texas
Constitution, and the additional limitation on tax increases under
Section 1-b(d) of that article in effect for the 2015 tax year as
proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had been in effect for the 2014 tax year. This subsection expires September 1, 2016.

SECTION 20. Section 42.302, Education Code, is amended by adding Subsection (g) to read as follows:

(g) Notwithstanding any other provision of this chapter, in computing a school district's enrichment tax rate ("DTR") and local revenue ("LR") for the 2015-2016 school year, a school district's taxable value of property under Subchapter M, Chapter 403, Government Code, is determined as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article in effect for the 2015 tax year as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had been in effect for the 2014 tax year. This subsection expires September 1, 2016.

SECTION 21. Section 46.003, Education Code, is amended by adding Subsection (i) to read as follows:

(i) Notwithstanding any other provision of this chapter, in computing a district's bond tax rate ("BTR") and taxable value of property ("DPV") for the 2015-2016 school year, a school district's taxable value of property under Subchapter M, Chapter 403, Government Code, is determined as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article in effect for the 2015 tax year as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had
been in effect for the 2014 tax year. This subsection expires September 1, 2016.

SECTION 22. Section 46.032, Education Code, is amended by adding Subsection (d) to read as follows:

(d) Notwithstanding any other provision of this chapter, in computing a district's existing debt tax rate ("EDTR") and taxable value of property ("DPV") for the 2015-2016 school year, a school district's taxable value of property under Subchapter M, Chapter 403, Government Code, is determined as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article in effect for the 2015 tax year as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had been in effect for the 2014 tax year. This subsection expires September 1, 2016.

SECTION 23. Chapter 46, Education Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES

Sec. 46.071. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2015-2016 school year, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to the district under this chapter as it existed on September 1, 2015, if the increase in the residence homestead exemption under Section
(b) Subject to Subsections (c)-(e), additional state aid under this section is equal to the amount by which the loss of local interest and sinking revenue for debt service attributable to the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and the additional limitation on tax increases under Section 1-b(d) of that article as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by a gain in state aid under this chapter.

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

(d) If the amount required to pay debt service eligible under this section is less than the sum of state and local assistance provided under this chapter, including the amount of additional aid provided under this section, the district may not receive aid under this section in excess of the amount that, when added to the district's local interest and sinking revenue for debt service for the school year, as defined by this section, and state aid under Subchapters A and B, equals the amount required to pay the
eligible debt service.

(e) The commissioner, using information provided by the comptroller and other information as necessary, shall compute the amount of additional state aid to which a district is entitled under this section. A determination by the commissioner under this section is final and may not be appealed.

SECTION 24. (a) Section 403.302(j), Government Code, is amended to read as follows:

(j) The comptroller shall certify the final taxable value for each school district, appropriately adjusted to give effect to certain provisions of the Education Code related to school funding, to the commissioner of education as provided by the terms of a memorandum of understanding entered into between the comptroller, the Legislative Budget Board, and the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of $5,000;

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of $15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by H.J.R. No. 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed
on the effect of the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1), (a-2), or (a-3), Tax Code, as applicable].

(b) Section 403.302(k), Government Code, is repealed.

SECTION 25. (a) An assessor or collector for a school district is not liable for civil damages or subject to criminal prosecution for compliance in good faith with Section 31.01, Tax Code, as amended by this Act.

(b) This section takes effect immediately if this Act receives a vote of two-thirds of all the members of each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for this section to take immediate effect, this section takes effect on the 91st day after the last day of the legislative session.

(c) This section expires December 31, 2018.

SECTION 26. This Act applies beginning with the 2015 tax year.

SECTION 27. (a) Except as provided by Subsection (b) of this section or as otherwise provided by this Act:

(1) this Act takes effect on the date on which the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, takes effect; and

(2) if that amendment is not approved by the voters, this Act has no effect.

(b) Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q), 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and 31.02(a-1), Tax Code, and Sections 41.004(a-1), (b-1), and (c-1),
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41.0042, 41.0121, 41.094(a-1), 41.0981, and 41.208(a-1), Education Code, as added by this Act, take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for those sections to have immediate effect, those sections take effect on the 91st day after the last day of the legislative session.
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President of the Senate

I hereby certify that S.B. No. 1 passed the Senate on March 25, 2015, by the following vote: Yeas 26, Nays 5; May 25, 2015, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2015, House granted request of the Senate; May 29, 2015, Senate adopted Conference Committee Report by the following vote: Yeas 26, Nays 5.

Secretary of the Senate

I hereby certify that S.B. No. 1 passed the House, with amendments, on May 25, 2015, by the following vote: Yeas 141, Nays 0, one present not voting; May 27, 2015, House granted request of the Senate for appointment of Conference Committee; May 29, 2015, House adopted Conference Committee Report by the following vote: Yeas 138, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor