

## BILL ANALYSIS

Senate Research Center

H.B. 72  
By: Berman (Deuell)  
Finance  
5/12/2006  
Engrossed

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, Section 1-b(d) (Residence Homestead Exemption), Article VIII, Texas Constitution, provides that homeowners who are 65 years of age or older, or homeowners who have a disability, are eligible to receive a ceiling on the amount of school property taxes they will owe on their homestead based on the amount they owed the year they qualified for the freeze. During the 79th Legislature, 3rd Called Session, efforts were made to reduce the amount of school property taxes people will pay.

H.B. 72, the enabling legislation to H.J.R. 26, provides for an adjustment of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the residence homesteads of the elderly or disabled to reflect any change in the school district's tax rate. It also protects a school district against the resulting loss in local revenue.

### RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.26, Tax Code, by adding Subsections (a-1) and (a-2), as follows:

(a-1) Provides that if in the current tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the individual or the individual's spouse qualified for a certain exemption for the same homestead in the preceding tax year, the amount of the limitation provided by this section on the homestead in the current tax year is equal to the lesser of a certain amount, notwithstanding the other provisions of this section and except as provided by Subsection (a-2).

(a-2) Provides that if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for a certain exemption for the same homestead was a tax year before the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed by a certain method, notwithstanding the other provisions of this section.

SECTION 2. Amends Section 42.2511(a), Education Code, as follows:

(a) Entitles a school district to additional state aid to the extent that state aid under this chapter based on a certain determination of the school district's taxable value of property does not fully compensate the district for ad valorem tax revenue lost due to certain factors, including 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) or (a-2), Tax Code, as applicable, notwithstanding any other provision of this chapter.

SECTION 3. Amends Section 403.302, Government Code, by amending Subsection (j) and adding Subsection (j-1), as follows:

(j) Requires the comptroller of public accounts to certify to the commissioner of education certain final values for each school district, including 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) or (a-2), Tax Code, as applicable.

(j-1) Requires the comptroller to compute the final value under Subsection (j)(3) as if the reduction of the limitation on tax increase to reflect any reduction in the school district tax rate had taken effect in the 2006 tax year. Provides that this subsection expires September 1, 2008.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: January 1, 2007, contingent upon approval of a constitutional amendment proposed by the 79th Legislature, 3rd Called Session, 2006.