

## **BILL ANALYSIS**

C.S.S.B. 1  
By: Nelson  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties suggest that the property tax burden on homeowners should be reduced. C.S.S.B. 1 seeks to provide for such a reduction while holding school districts harmless for any local revenue lost as a result.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 1 amends the Tax Code to increase the amount of the residence homestead exemption from property taxation by a school district from \$15,000 to \$25,000. The bill clarifies that only \$5,000 of the exemption applies to certain school districts and county systems operating under former Education Code provisions as those provisions existed on May 1, 1995. The bill provides for a reduction in the limitation on the total amount of school district property taxes that may be imposed on the homestead of an individual 65 years of age or older or disabled to reflect any increase in the exemption amount.

C.S.S.B. 1 adds temporary provisions, set to expire December 31, 2016, requiring the following:

- the chief appraiser, if the appraisal records for the 2015 tax year submitted to the appraisal review board include the taxable value of residence homesteads or show the amount of the residence homestead exemption from school district property taxes, to prepare supplemental appraisal records that reflect an exemption amount of \$25,000;
- the assessor for a school district, on receipt of the appraisal roll for the 2015 tax year, to 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 of \$25,000;
- an officer or employee designated by a school district's governing body to 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 of \$25,000; and
- the assessor for a school district to calculate the amount of tax imposed by the school district on a residence homestead for the 2015 tax year based on an exemption of \$15,000 and separately based on an exemption of \$25,000; and
- the assessor for a school district to 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.

C.S.S.B. 1 requires the assessor for a school district, with regard to taxes imposed by the district on a residence homestead for the 2015 tax year, to compute the amount of taxes imposed and the other information required for the tax bill based on a residence homestead exemption of \$25,000. The bill requires the tax bill or a separate statement accompanying the tax bill to indicate that the bill is a provisional tax bill and to include a certain statement in substantially the form specified by the bill indicating the amount of the tax bill based on a residence homestead exemption amount of \$15,000 and \$25,000, that the amount is contingent on voter approval of a constitutional amendment authorizing the homestead exemption increase, and explaining that a supplemental tax bill will be mailed if the amendment is not approved by the voters. The bill requires the assessor, if the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not approved by the voters, to prepare and mail a supplemental tax bill to each person in whose name property subject to a residence homestead school district property tax exemption is listed on the tax roll and to the person's authorized agent in an amount equal to the difference between the amount based on an exemption of \$15,000 and the amount based on an exemption of \$25,000. The bill requires the assessor to mail the supplemental tax bills by December 1 or as soon thereafter as practicable and makes statutory provisions relating to property tax bills applicable to such tax bills except as otherwise provided. The bill establishes that taxes for which the supplemental tax bill required by the bill is mailed 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 the taxes are imposed. The bill's provisions relating to school district property tax bills for the 2015 tax year expire December 31, 2016.

C.S.S.B. 1 requires a school district's governing body to waive penalties and interest on a delinquent tax for which the supplemental tax bill is mailed, with the requirement set to expire December 31, 2016, if the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, takes effect.

C.S.S.B. 1 amends the Education Code to add a temporary provision, set to expire September 1, 2016, establishing that, in computing a school district's wealth per student for the 2015–2016 school year, a school district's taxable value of property is determined as if the increase in the residence homestead school district property tax exemption and the additional limitation on tax increases on homesteads of the elderly or disabled 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.

C.S.S.B. 1 adds temporary provisions, set to expire September 1, 2016, providing for the following:

- requiring the commissioner of education, 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 and as soon as practicable after receiving revised property values that reflect adoption of the amendment, to review the wealth per student of Texas school districts and revise as necessary the notifications required as a part of the commissioner's annual review of property wealth for the 2015–2016 school year;
- authorizing a school district that enters into an agreement to exercise an option to reduce the district's wealth per student through the purchase of average daily attendance credit, education of nonresident students, or tax base consolidation with another district for the 2015–2016 school year to request and receive approval from the commissioner to delay the date of the election otherwise required to be ordered before September 1, with the authorization limited to a district that has not previously held an election to achieve the equalized wealth level and is not eligible to reduce the district's wealth per student by trading state aid for any other wealth reduction requirements; and
- authorizing a district that receives such approval from the commissioner to adopt a tax rate for the 2015 tax year before the commissioner certifies that the district has achieved the equalized wealth level.

C.S.S.B. 1 adds temporary provisions, set to expire September 1, 2017, requiring the commissioner to approve a district's request to delay the date of the election 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 and requiring the commissioner to set a date by which each district that receives approval must order the election and, not later than the 2016–2017 school year, to order detachment and annexation of district property or district consolidation as necessary to achieve the equalized wealth level for a district that receives approval and subsequently fails to hold the election or does not receive voter approval at the election.

C.S.S.B. 1 adds temporary provisions, set to expire September 1, 2016, requiring a school district to hold the election on an option to achieve the equalized wealth level that occurs during the 2015–2016 school year to hold the election on a Tuesday or Saturday on or before a date specified by the commissioner, exempting the election from Election Code provisions relating to uniform election dates, and exempting a district that receives approval of a request to delay the election from the election date otherwise required.

C.S.S.B. 1 adds temporary provisions, set to expire September 1, 2016, requiring a district that receives approval of a request to delay the election to pay for attendance credits purchased in equal monthly payments as determined by the commissioner beginning March 15, 2016, and ending August 15, 2016, authorizing such a district to receive the early agreement attendance credit 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, and requiring the commissioner to order any detachments and annexations of property 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.

C.S.S.B. 1 entitles a school district to additional state aid for the 2015–2016 and 2016–2017 school years to the extent that state and local revenue under the Foundation School Program (FSP) and with regard to the equalized wealth level is less than the state and local revenue that would have been available to the district under the FSP and with regard to the equalized wealth level as the law governing both existed on September 1, 2015, if the increase in the residence homestead school district property tax exemption and the additional limitation on tax increases on homesteads of the elderly or disabled as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred. The bill establishes that the lesser of the school district's currently adopted maintenance and operations (M&O) tax rate or the adopted M&O tax rate for the 2014 tax year is used for the purpose of determining the additional state aid and that revenue from a school district M&O tax that is levied to pay costs of a lease-purchase agreement concerning an instructional facility and that is included in determining state assistance in the form of the instructional facilities allotment is included for the purpose of calculating the state aid. The bill requires the commissioner, using information provided by the comptroller of public accounts and other information as necessary, to compute the amount of additional state aid to which a district is entitled, establishes the commissioner's determination as final, and prohibits the appeal of that determination. The bill's provisions relating to this additional state aid expire August 31, 2017.

C.S.S.B. 1, effective September 1, 2017, entitles a school district, beginning with the 2017–2018 school year, to additional state aid to the extent that state and local revenue under the FSP and with regard to the equalized wealth level is less than the state and local revenue that would have been available to the district under the FSP and with regard to the equalized wealth level as the law governing both existed on September 1, 2015, excluding any state aid that would have been provided to offset the loss of local revenue resulting from previously enacted tax reduction, if the increase in the residence homestead school district property tax exemption and the additional limitation on tax increases on the homesteads of the elderly or disabled as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred. The bill establishes that the lesser of the school district's currently adopted M&O tax rate or the adopted M&O tax rate for the 2014 tax year is used for the purpose of determining the additional state aid and that revenue from a school district M&O tax that is levied to pay costs of a lease-purchase agreement concerning an

instructional facility and that is included in determining state assistance in the form of the instructional facilities allotment is included for the purpose of calculating the state aid. The bill requires the commissioner, using information provided by the comptroller and other information as necessary, to compute the amount of the additional state aid to which a district is entitled, establishes the commissioner's determination as final, and prohibits the appeal of that determination.

C.S.S.B. 1 adds temporary provisions, set to expire September 1, 2016, establishing the means by which a school district's taxable value of property is determined for the 2015–2016 school year in computing each district's tier one local share of the FSP, guaranteed allotment, school facilities allotment, and allotment for assistance with the payment of existing debt.

C.S.S.B. 1 entitles a school district, beginning with the 2015–2016 school year, to additional state aid to the extent that state and local revenue used to service debt eligible under applicable law is less than the state and local revenue that would have been available to the district under that law as it existed on September 1, 2015, if the increase in the residence homestead school district property tax exemption and the additional limitation on tax increases on homesteads of the elderly or disabled as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred. The bill sets the amount of this additional state aid at the amount by which the loss of local interest and sinking revenue for debt service attributable to the increase in the residence homestead school district property tax exemption and the additional limitation on tax increases on the homesteads of the elderly or disabled as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by a gain in state assistance with instructional facilities and payment of existing debt.

C.S.S.B. 1 limits local interest and sinking revenue for debt service, for the purpose of determining the state aid, to revenue required to service debt eligible as of September 1, 2015, including refunding of that debt, and makes the limitation on a district's existing debt tax rate for purposes of determining state assistance inapplicable for the purpose of determining the state aid added by the bill to offset the impact of S.J.R. 1, 84th Legislature, Regular Session, 2015. The bill prohibits the district, if the amount required to pay eligible debt service is less than the sum of state and local assistance with instructional facilities and payment of existing debt, including the amount of additional aid provided by the bill, from receiving such aid in excess of the amount that, when added to the district's local interest and sinking revenue for debt service for the school year and state aid in the form of the instructional facilities allotment and assistance with payment of existing debt, equals the amount required to pay the eligible debt service. The bill requires the commissioner, using information provided by the comptroller and other information as necessary, to compute the amount of additional state aid to which a district is entitled, establishes the commissioner's determination as final, and prohibits the appeal of that determination.

C.S.S.B. 1 amends the Government Code to require the comptroller to certify to the commissioner for purposes of the FSP a final value of school district property values for each district computed on a residence homestead school district property tax exemption of \$25,000 and the effect of the additional limitation on tax increases on the homesteads of the elderly or disabled as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015.

C.S.S.B. 1 makes certain of its provisions relating to implementation for the 2015 tax year and the 2015–2016 school year effective on passage, or, if the bill does not receive the necessary vote, on the 91st day after the last day of the legislative session. The bill applies beginning with the 2015 tax year.

#### **EFFECTIVE DATE**

Except as otherwise provided, the date on which the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, takes effect, if approved by the voters.

## COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

### SENATE ENGROSSED

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

(b) An adult is entitled to exemption from taxation by a school district of a portion ~~[\$15,000]~~ of the appraised value of the adult's residence homestead equal to 25 percent of the median market value of all residence homesteads in the state, 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. For purposes of this subsection, the Legislative Budget Board shall determine the median market value of all residence homesteads in the state in each tax year on the basis of the market value of all residence homesteads in the state in the preceding tax year as determined by the appraisal districts in the state and shall publish that value in the Texas Register not later than February 1.

(b-1) Notwithstanding Subsection (b), for purposes of computing the amount of the exemption under that subsection for the 2015 tax year, the Legislative Budget Board shall determine the median market value of all residence homesteads in the state in the manner provided by that subsection and publish that value in the Texas Register not later than August 1, 2015. This subsection expires December 31, 2016.

(n-1) The governing body of a taxing unit 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, 2024.

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

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 11.13(b), Tax Code, is amended 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.

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 subtracting \$15,000 from the amount of the exemption under Section 11.13(b) for the 2015 tax year and multiplying that amount by [10,000 times] the tax rate of the school district for the 2015 [1997] tax year, plus any 2015 [1997] tax attributable to 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

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 [1997] tax year, plus any 2015 [1997] tax attributable to 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 the amount of the exemption as published by the Legislative Budget Board under Section 11.13(b-1). 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 \$15,000 and an exemption under that subsection of the amount published by the Legislative Budget Board under Section 11.13(b-1). 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 \$15,000 and an exemption under that subsection of the amount published by the Legislative Budget Board under Section 11.13(b-1). This subsection expires December 31, 2016.

SECTION 5. Section 26.05, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), the governing body of a taxing unit shall adopt a tax rate for the 2015 tax year before the later of October 31, 2015, or the 60th day after the date the certified appraisal roll is received by the taxing unit. This subsection expires December 31, 2016.

SECTION 6. Section 31.01, Tax Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Notwithstanding Subsection (a), the assessor for a school district shall mail the tax bill for the taxes imposed by the school district for the 2015 tax year on a residence homestead that qualifies for a tax limitation

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.

No equivalent provision.

No equivalent provision.

as provided by Section 11.26 by December 1, 2015, or as soon thereafter as practicable. This subsection expires December 31, 2016.

No equivalent provision.

SECTION 5. 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.

No equivalent provision.

SECTION 6. 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.

No equivalent provision.

SECTION 7. Section 31.01, Tax Code, is amended by adding Subsections (d-2), (d-3), and (d-4) to read as follows:

(d-2) This subsection and Subsection (d-3) 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 \$25,000) will be mailed to you."

(d-3) Except as provided by Subsections (f), (i-1), and (k), if the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not approved by the voters, the assessor for each school district shall prepare and mail a supplemental tax bill 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. The assessor shall mail tax bills under this subsection by December 1 or as soon thereafter as practicable. Except as otherwise provided by this subsection, the provisions of this section other than Subsection (d-2) apply to a tax bill mailed under this subsection.

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

No equivalent provision.

SECTION 8. Section 31.02, Tax Code, is amended by adding Subsection (a-1) to read

No equivalent provision.

SECTION 7. Subchapter A, Chapter 41, Education Code, is amended.

SECTION 8. 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.

(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

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 9. Section 33.011, Tax Code, is amended by adding Subsection (k) to read as follows:

(k) The governing body of a school district shall waive penalties and interest on a delinquent tax for which a supplemental tax bill is mailed under Section 31.01(d-3).

SECTION 10. Same as engrossed version.

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 9. 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:

(1) the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, were approved by the voters; and

(2) the effect of the amendment specified in Subdivision (1) were determined using the median market value of all residence homesteads in the state in the 2014 tax year, as determined by the Legislative Budget Board in accordance with Section 11.13(b-1), Tax Code.

(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

(2) does not receive voter approval at the election.

(d) This section expires September 1, 2017.

SECTION 10. Subchapter A, Chapter 41, Education Code, is amended.

SECTION 11. Section 41.094, Education Code, is amended.

SECTION 12. Subchapter D, Chapter 41, Education Code, is amended.

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 12. 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

(2) does not receive voter approval at the election.

(d) This section expires September 1, 2017.

SECTION 13. Same as engrossed version.

SECTION 14. Same as engrossed version.

SECTION 15. Same as engrossed version.

SECTION 13. Section 41.208, Education Code, is amended.

SECTION 14. 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 in effect for the applicable tax year 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 15. 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

SECTION 16. Same as engrossed version.

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 in effect for the applicable tax year 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.

SECTION 16. Section 42.252, Education Code, is amended.

SECTION 17. Section 42.302, Education Code, is amended.

SECTION 18. Section 46.003, Education Code, is amended.

SECTION 19. Section 46.032, Education Code, is amended.

SECTION 20. Chapter 46, Education Code,

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 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. Same as engrossed version.

SECTION 20. Same as engrossed version.

SECTION 21. Same as engrossed version.

SECTION 22. Same as engrossed version.

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 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 applicable tax year as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had not occurred.

(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 in effect for the applicable tax year 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

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

(j) For purposes of Chapter 42, Education Code, the comptroller shall certify to 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; and

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

(A) the amount of the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, in effect for the applicable tax year; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015.

SECTION 22. This Act applies to each tax year that begins on or after January 1, 2015.

SECTION 23. (a) Except as provided by Subsection (b) of this section or as

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

(j) For purposes of Chapter 42, Education Code, the comptroller shall certify to 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; and

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

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$25,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015.

SECTION 25. This Act applies beginning with the 2015 tax year.

SECTION 26. (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 11.13(b-1), 25.23(a-1), 26.04(a-1) and (c-1), and 31.01(a-1), Tax Code, and Sections 41.004(a-1), (b-1), and (c-1), 41.0042, 41.0121, 41.094(a-1), and 41.0981, 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.

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), 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), and (d-4), 31.02(a-1), and 33.011(k), Tax Code, and Sections 41.004(a-1), (b-1), and (c-1), 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.

(c) Section 33.011(k), Tax Code, as added by this Act, expires December 31, 2016, if the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, takes effect.