

# CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-28-15

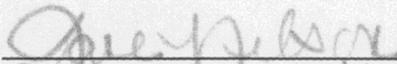
Date

Honorable Dan Patrick  
President of the Senate

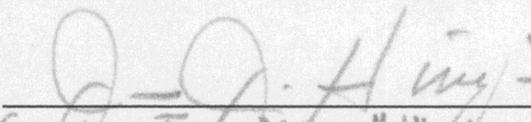
Honorable Joe Straus  
Speaker of the House of Representatives

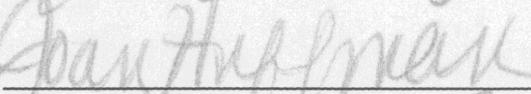
Sirs:

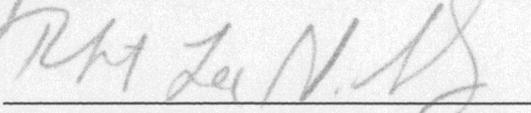
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB1 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

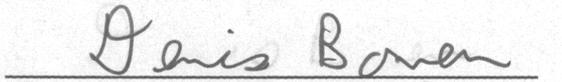
  
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Senator Jane Nelson

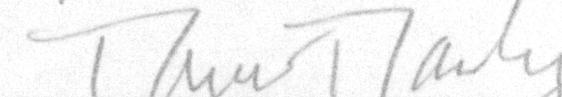
  
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Senator Paul Bettencourt

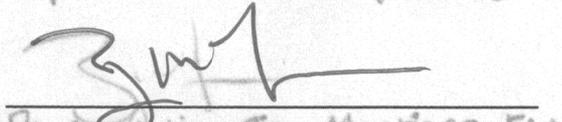
  
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Senator Juan "Chuy" Hingjosa

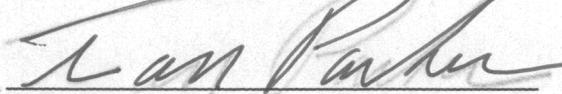
  
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Senator Joan Hoffman

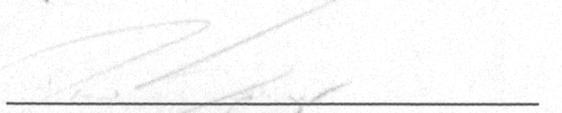
  
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On the part of the Senate  
Senator Robert Nichols

  
\_\_\_\_\_  
Representative Dennis Bonnen

  
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Representative Drew Darby

  
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Representative Trey Martinez Fisher

  
\_\_\_\_\_  
Representative Tan Parker

  
\_\_\_\_\_  
On the part of the House  
Representative Drew Springer

### Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.



# CONFERENCE COMMITTEE REPORT

3<sup>rd</sup> Printing

S.B. No. 1

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to certain restrictions on the imposition of ad valorem  
3 taxes and to the duty of the state to reimburse certain political  
4 subdivisions for certain revenue loss; making conforming changes.

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

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

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

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

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

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

1 section, except as otherwise provided by this section. A school  
2 district may not increase the total annual amount of ad valorem tax  
3 it imposes on the residence homestead of an individual 65 years of  
4 age or older or on the residence homestead of an individual who is  
5 disabled, as defined by Section 11.13, above the amount of the tax  
6 it imposed in the first tax year in which the individual qualified  
7 that residence homestead for the applicable exemption provided by  
8 Section 11.13(c) for an individual who is 65 years of age or older  
9 or is disabled. If the individual qualified that residence  
10 homestead for the exemption after the beginning of that first year  
11 and the residence homestead remains eligible for the same exemption  
12 for the next year, and if the school district taxes imposed on the  
13 residence homestead in the next year are less than the amount of  
14 taxes imposed in that first year, a school district may not  
15 subsequently increase the total annual amount of ad valorem taxes  
16 it imposes on the residence homestead above the amount it imposed in  
17 the year immediately following the first year for which the  
18 individual qualified that residence homestead for the same  
19 exemption, except as provided by Subsection (b). If the first tax  
20 year the individual qualified the residence homestead for the  
21 exemption provided by Section 11.13(c) for individuals 65 years of  
22 age or older or disabled was a tax year before the 2015 [~~1997~~] tax  
23 year, the amount of the limitation provided by this section is the  
24 amount of tax the school district imposed for the 2014 [~~1996~~] tax  
25 year less an amount equal to the amount determined by multiplying  
26 \$10,000 times the tax rate of the school district for the 2015  
27 [~~1997~~] tax year, plus any 2015 [~~1997~~] tax attributable to

1 improvements made in 2014 [~~1996~~], other than improvements made to  
2 comply with governmental regulations or repairs.

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

5 (a-1) This subsection applies only to the appraisal records  
6 for the 2015 tax year. If the appraisal records submitted to the  
7 appraisal review board include the taxable value of residence  
8 homesteads or show the amount of the exemption under Section  
9 11.13(b) applicable to residence homesteads, the chief appraiser  
10 shall prepare supplemental appraisal records that reflect an  
11 exemption amount under that subsection of \$25,000. This subsection  
12 expires December 31, 2016.

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

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

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

26 SECTION 5. Section 26.08, Tax Code, is amended by adding  
27 Subsection (q) to read as follows:

1       (q) For purposes of this section, the effective maintenance  
2 and operations tax rate and the rollback tax rate of a school  
3 district for the 2015 tax year shall be calculated based on a  
4 residence homestead exemption under Section 11.13(b) of \$25,000.  
5 This subsection expires December 31, 2016.

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

8       (c-1) The assessor for a school district shall calculate the  
9 amount of tax imposed by the school district on a residence  
10 homestead for the 2015 tax year based on an exemption under Section  
11 11.13(b) of \$15,000 and separately based on an exemption under that  
12 subsection of \$25,000. This subsection expires December 31, 2016.

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

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

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

22       (d-2) This subsection and Subsections (d-3) and (d-4) apply  
23 only to taxes imposed by a school district on a residence homestead  
24 for the 2015 tax year. The assessor for the school district shall  
25 compute the amount of taxes imposed and the other information  
26 required by this section based on a residence homestead exemption  
27 under Section 11.13(b) of \$25,000. The tax bill or the separate

1 statement must indicate that the bill is a provisional tax bill and  
2 include a statement in substantially the following form:

3 "If the amount of the exemption from ad valorem taxation by a  
4 school district of a residence homestead had not been increased by  
5 the Texas Legislature, your tax bill would have been \$\_\_\_\_\_ (insert  
6 amount equal to the sum of the amount calculated under Section  
7 26.09(c-1) based on an exemption under Section 11.13(b) of \$15,000  
8 and the total amount of taxes imposed by the other taxing units  
9 whose taxes are included in the bill). Because of action by the  
10 Texas Legislature increasing the amount of the residence homestead  
11 exemption, your tax bill has been lowered by \$\_\_\_\_\_ (insert  
12 difference between amount calculated under Section 26.09(c-1)  
13 based on an exemption under Section 11.13(b) of \$15,000 and amount  
14 calculated under Section 26.09(c-1) based on an exemption under  
15 Section 11.13(b) of \$25,000), resulting in a lower tax bill of \$\_\_\_\_\_  
16 (insert amount equal to the sum of the amount calculated under  
17 Section 26.09(c-1) based on an exemption under Section 11.13(b) of  
18 \$25,000 and the total amount of taxes imposed by the other taxing  
19 units whose taxes are included in the bill), contingent on the  
20 approval by the voters at an election to be held November 3, 2015,  
21 of a constitutional amendment authorizing the residence homestead  
22 exemption increase. If the constitutional amendment is not  
23 approved by the voters at the election, a supplemental school  
24 district tax bill in the amount of \$\_\_\_\_\_ (insert difference between  
25 amount calculated under Section 26.09(c-1) based on an exemption  
26 under Section 11.13(b) of \$15,000 and amount calculated under  
27 Section 26.09(c-1) based on an exemption under Section 11.13(b) of

1 \$25,000) will be mailed to you."

2 (d-3) A tax bill prepared by the assessor for a school  
3 district as provided by Subsection (d-2) and mailed to a person in  
4 whose name property subject to an exemption under Section 11.13(b)  
5 is listed on the tax roll and to the person's authorized agent as  
6 provided by Subsection (a) of this section is considered to be a  
7 provisional tax bill until the canvass of the votes on the  
8 constitutional amendment proposed by S.J.R. 1, 84th Legislature,  
9 Regular Session, 2015. If the constitutional amendment is approved  
10 by the voters, the tax bill is considered to be a final tax bill for  
11 the taxes imposed on the property for the 2015 tax year, and no  
12 additional tax bill is required to be mailed to the person and to  
13 the person's authorized agent, unless another provision of this  
14 title requires the mailing of a corrected tax bill. If the  
15 constitutional amendment is not approved by the voters:

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

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

27 (3) except as provided by Subsections (f), (i-1), and

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

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

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

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

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

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

25 Sec. 41.0011. COMPUTATION OF WEALTH PER STUDENT FOR  
26 2015-2016 SCHOOL YEAR. Notwithstanding any other provision of this  
27 chapter, in computing a school district's wealth per student for

1 the 2015-2016 school year, a school district's taxable value of  
2 property under Subchapter M, Chapter 403, Government Code, is  
3 determined as if the increase in the residence homestead exemption  
4 under Section 1-b(c), Article VIII, Texas Constitution, and the  
5 additional limitation on tax increases under Section 1-b(d) of that  
6 article in effect for the 2015 tax year as proposed by S.J.R. 1,  
7 84th Legislature, Regular Session, 2015, had been in effect for the  
8 2014 tax year. This section expires September 1, 2016.

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

11 (a-1) This subsection applies only if the constitutional  
12 amendment proposed by S.J.R. 1, 84th Legislature, Regular Session,  
13 2015, is approved by the voters in an election held for that  
14 purpose. As soon as practicable after receiving revised property  
15 values that reflect adoption of the constitutional amendment, the  
16 commissioner shall review the wealth per student of districts in  
17 the state and revise as necessary the notifications provided under  
18 Subsection (a) for the 2015-2016 school year. This subsection  
19 expires September 1, 2016.

20 (b-1) This subsection applies only to a district that has  
21 not previously held an election under this chapter and is not  
22 eligible to reduce the district's wealth per student in the manner  
23 authorized by Section 41.0041. Notwithstanding Subsection (b), a  
24 district that enters into an agreement to exercise an option to  
25 reduce the district's wealth per student under Section 41.003(3),  
26 (4), or (5) for the 2015-2016 school year may request and, as  
27 provided by Section 41.0042(a), receive approval from the

1 commissioner to delay the date of the election otherwise required  
2 to be ordered before September 1. This subsection expires  
3 September 1, 2016.

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

10 SECTION 12. Subchapter A, Chapter 41, Education Code, is  
11 amended by adding Section 41.0042 to read as follows:

12 Sec. 41.0042. TRANSITIONAL PROVISIONS: INCREASED  
13 HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The  
14 commissioner shall approve a district's request under Section  
15 41.004(b-1) to delay the date of an election required under this  
16 chapter if the commissioner determines that the district would not  
17 have a wealth per student that exceeds the equalized wealth level if  
18 the constitutional amendment proposed by S.J.R. 1, 84th  
19 Legislature, Regular Session, 2015, were approved by the voters.

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

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

27 (1) fails to hold the election; or

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

2           (d) This section expires September 1, 2017.

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

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

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

13           (c) This section expires September 1, 2016.

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

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

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

23           Sec. 41.0981. TRANSITIONAL EARLY AGREEMENT CREDIT.  
24 Notwithstanding Section 41.098, a district that receives approval  
25 of a request under Section 41.0042 may receive the early agreement  
26 credit described by Section 41.098 for the 2015-2016 school year if  
27 the district orders the election and obtains voter approval not

1 later than the date specified by the commissioner. This section  
2 expires September 1, 2016.

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

5 (a-1) Notwithstanding Subsection (a), for the 2015-2016  
6 school year, the commissioner shall order any detachments and  
7 annexations of property under this subchapter as soon as  
8 practicable after the canvass of the votes on the constitutional  
9 amendment proposed by S.J.R. 1, 84th Legislature, Regular Session,  
10 2015. This subsection expires September 1, 2016.

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

13 Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
14 AND LIMITATION ON TAX INCREASES. (a) For the 2015-2016 and  
15 2016-2017 school years, a school district is entitled to additional  
16 state aid to the extent that state and local revenue under this  
17 chapter and Chapter 41 is less than the state and local revenue that  
18 would have been available to the district under Chapter 41 and this  
19 chapter as those chapters existed on September 1, 2015, if the  
20 increase in the residence homestead exemption under Section 1-b(c),  
21 Article VIII, Texas Constitution, and the additional limitation on  
22 tax increases under Section 1-b(d) of that article as proposed by  
23 S.J.R. 1, 84th Legislature, Regular Session, 2015, had not  
24 occurred.

25 (b) The lesser of the school district's currently adopted  
26 maintenance and operations tax rate or the adopted maintenance and  
27 operations tax rate for the 2014 tax year is used for the purpose of

1 determining additional state aid under this section.

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

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

13 (e) This section expires August 31, 2017.

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

17 Sec. 42.2518. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
18 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2017-2018  
19 school year, a school district is entitled to additional state aid  
20 to the extent that state and local revenue under this chapter and  
21 Chapter 41 is less than the state and local revenue that would have  
22 been available to the district under Chapter 41 and this chapter as  
23 those chapters existed on September 1, 2015, excluding any state  
24 aid that would have been provided under former Section 42.2516, if  
25 the increase in the residence homestead exemption under Section  
26 1-b(c), Article VIII, Texas Constitution, and the additional  
27 limitation on tax increases under Section 1-b(d) of that article as

1 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
2 not occurred.

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

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

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

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

20 (e) Notwithstanding any other provision of this chapter, in  
21 computing each school district's local share of program cost under  
22 this section for the 2015-2016 school year, a school district's  
23 taxable value of property under Subchapter M, Chapter 403,  
24 Government Code, is determined as if the increase in the residence  
25 homestead exemption under Section 1-b(c), Article VIII, Texas  
26 Constitution, and the additional limitation on tax increases under  
27 Section 1-b(d) of that article in effect for the 2015 tax year as

1 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
2 been in effect for the 2014 tax year. This subsection expires  
3 September 1, 2016.

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

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

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

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

1 been in effect for the 2014 tax year. This subsection expires  
2 September 1, 2016.

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

5 (d) Notwithstanding any other provision of this chapter, in  
6 computing a district's existing debt tax rate ("EDTR") and taxable  
7 value of property ("DPV") for the 2015-2016 school year, a school  
8 district's taxable value of property under Subchapter M, Chapter  
9 403, Government Code, is determined as if the increase in the  
10 residence homestead exemption under Section 1-b(c), Article VIII,  
11 Texas Constitution, and the additional limitation on tax increases  
12 under Section 1-b(d) of that article in effect for the 2015 tax year  
13 as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015,  
14 had been in effect for the 2014 tax year. This subsection expires  
15 September 1, 2016.

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

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

20 Sec. 46.071. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION  
21 AND LIMITATION ON TAX INCREASES. (a) Beginning with the 2015-2016  
22 school year, a school district is entitled to additional state aid  
23 under this subchapter to the extent that state and local revenue  
24 used to service debt eligible under this chapter is less than the  
25 state and local revenue that would have been available to the  
26 district under this chapter as it existed on September 1, 2015, if  
27 the increase in the residence homestead exemption under Section

1 1-b(c), Article VIII, Texas Constitution, and the additional  
2 limitation on tax increases under Section 1-b(d) of that article as  
3 proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, had  
4 not occurred.

5 (b) Subject to Subsections (c)-(e), additional state aid  
6 under this section is equal to the amount by which the loss of local  
7 interest and sinking revenue for debt service attributable to the  
8 increase in the residence homestead exemption under Section 1-b(c),  
9 Article VIII, Texas Constitution, and the additional limitation on  
10 tax increases under Section 1-b(d) of that article as proposed by  
11 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by  
12 a gain in state aid under this chapter.

13 (c) For the purpose of determining state aid under this  
14 section, local interest and sinking revenue for debt service is  
15 limited to revenue required to service debt eligible under this  
16 chapter as of September 1, 2015, including refunding of that debt,  
17 subject to Section 46.061. The limitation imposed by Section  
18 46.034(a) does not apply for the purpose of determining state aid  
19 under this section.

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

1 eligible debt service.

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

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

9 (j) The [For purposes of Chapter 42, Education Code, the]  
10 comptroller shall certify the final taxable value for each school  
11 district, appropriately adjusted to give effect to certain  
12 provisions of the Education Code related to school funding, to the  
13 commissioner of education as provided by the terms of a memorandum  
14 of understanding entered into between the comptroller, the  
15 Legislative Budget Board, and the commissioner of education[+]

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

19 ~~[(2) a final value for each school district computed~~  
20 ~~on:~~

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

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

27 ~~[(3) a final value for each school district computed~~

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

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

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

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

15 (c) This section expires December 31, 2018.

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

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

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

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

25 (b) Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q),  
26 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and  
27 31.02(a-1), Tax Code, and Sections 41.004(a-1), (b-1), and (c-1),

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1 41.0042, 41.0121, 41.094(a-1), 41.0981, and 41.208(a-1), Education  
2 Code, as added by this Act, take effect immediately if this Act  
3 receives a vote of two-thirds of all the members elected to each  
4 house, as provided by Section 39, Article III, Texas Constitution.  
5 If this Act does not receive the vote necessary for those sections  
6 to have immediate effect, those sections take effect on the 91st day  
7 after the last day of the legislative session.

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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

HOUSE VERSION (IE)

SECTION 1. Section 11.13, Tax Code, is amended by amending Subsection (b) and adding Subsection (n-1) to read as follows: [FA1(1)]

(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.

*No equivalent provision.*

(n-1) The governing body of a school district that adopted an exemption under Subsection (n) for the 2014 tax year may not

CONFERENCE

SECTION 1. Same as House version except as follows:

(b) Same as House version.

Same as House version.

(n-1) The governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) for

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SENATE VERSION

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 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

HOUSE VERSION (IE)

reduce the amount of or repeal the exemption. *In any year in which this subsection applies, Section 42.2522, Education Code, is inapplicable to a school district affected by this subsection, and state aid for any school district that is required by this subsection to continue its exemption under Subsection (n) will be computed based on taxable value as defined in 403.302(d), Government Code.*

This subsection expires December 31, 2019.  
[FA1(2),FA4,FA5,FA6]

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

CONFERENCE

the 2014 tax year may not reduce the amount of or repeal the exemption.

This subsection expires December 31, 2019.

SECTION 2. Same as House version.

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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 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.

HOUSE VERSION (IE)

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 an exemption amount under that subsection of \$25,000. This subsection expires December 31, 2016.

CONFERENCE

SECTION 3. Same as House version.

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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.

*No equivalent provision.*

HOUSE VERSION (IE)

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.*

SECTION \_\_. Section 26.08, Tax Code, is amended by adding Subsection (q) to read as follows:

CONFERENCE

SECTION 4. Same as House version.

Same as House version.

SECTION 5. Same as House version.

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(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.  
[FA1(3)]

*No equivalent provision.*

SECTION 5. Section 26.09, Tax Code, is amended by adding Subsection (c-1) to read as follows:

SECTION 6. Same as House version.

(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:

SECTION 7. Same as House version.

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

*No equivalent provision.*

Same as House version.

(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

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homestead that qualifies for a tax limitation 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 7. Section 31.01, Tax Code, is amended by adding Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows: [FA1(4a),FA3(1)]

(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: [FA1(4b),FA3(1)]

"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

SECTION 8. Same as House version.

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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) 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

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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. [FA1(4c),FA3(1)]

*No equivalent provision.*

SECTION 8. 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

SECTION 9. Same as House version.

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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(k), Tax Code, is amended by adding Subsection (k) to read as follows: [Deleted by FA1(5)]

Same as Senate version.

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

SECTION 10. Same as Senate version.

SECTION 10. Same as Senate version.

SECTION 8. Section 41.004, Education Code, is amended by adding Subsections (a-1), (b-1), and (c-1) to read as follows:

SECTION 11. Same as Senate version except as follows:

SECTION 11. Same as House version.

(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.

(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

(b-1) Same as Senate version.

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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

HOUSE VERSION (IE)

(c-1) Same as Senate version.

SECTION 12. Same as Senate version except 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.

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SECTION 12. Same as House version.

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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 10-13. Subchapter A, Chapter 41; Section 41.094; Subchapter D, Chapter 41; and Section 41.208, Education Code, are 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

(b) Same as Senate version.

(c) Same as Senate version.

(d) Same as Senate version.

SECTION 13-16. Same as Senate version.

SECTION 17. Same as Senate version except 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

SECTION 13-16. Same as Senate version.

SECTION 17. Same as House version.

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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,

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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) Same as Senate version.

(c) Same as Senate version.

(d) Same as Senate version.

(e) Same as Senate version.

SECTION 18. Same as Senate version except as follows:

CONFERENCE

SECTION 18. Same as House version.

**Senate Bill 1**  
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SENATE VERSION

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.

HOUSE VERSION (IE)

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

(b) Same as Senate version.

(c) Same as Senate version.

CONFERENCE

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HOUSE VERSION (IE)

CONFERENCE

(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.

(d) Same as Senate version.

SECTIONS 16-19. Section 42.252, Section 42.302, Section 46.003, and Section 46.032, Education Code, are amended.

SECTIONS 19-22. Same as Senate version.

SECTIONS 19-22. Same as Senate version.

SECTION 20. 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.

SECTION 23. Same as Senate version except 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.

SECTION 23. Same as House version.

(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.

(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.

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(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 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

HOUSE VERSION (IE)

(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) Same as Senate version.

(d) Same as Senate version.

(e) Same as Senate version.

CONFERENCE

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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 \_\_.

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

(j) The ~~[For purposes of Chapter 42, Education Code, 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(e), 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(e), 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].~~ [FA1(11), FA7]

SECTION 24.

(a) Same as House version.

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*No equivalent provision.*

(b) Section 403.302(k), Government Code, is repealed.  
[FA1(11), FA7]

(b) Same as House version.

*No equivalent provision.*

SECTION \_\_. (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. [FA1(6),FA2]

SECTION 25. Same as House version except adds a new Subsection (c) that sets the section to expire December 31, 2018.

(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. [FA1(6)]

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

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

SECTION 26. Same as House version.

SECTION 23. (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

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 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), 41.0042, 41.0121, 41.094(a-1), 41.0981, and *41.208(a-1)*,

SECTION 27. Same as House version.

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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.

HOUSE VERSION (IE)

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. [FA1(7)-FA1(8),FA3(2)]  
(c) [Deleted by FA1(9)]

CONFERENCE

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 29, 2015**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1** by Nelson (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.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1, Conference Committee Report: a negative impact of (\$1,244,468,000) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$615,868,000)
2017	(\$628,600,000)
2018	(\$644,759,000)
2019	(\$664,580,000)
2020	(\$685,016,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2016	(\$615,868,000)
2017	(\$628,600,000)
2018	(\$644,759,000)
2019	(\$664,580,000)
2020	(\$685,016,000)

## Fiscal Analysis

The bill would amend Chapter 11 of the Tax Code, regarding property taxation and exemptions, to increase the mandatory homestead exemption for school districts from \$15,000 to \$25,000 and to require that the tax limitation for taxpayers who are age 65 and older or disabled (tax ceiling) be reduced to reflect the additional exemption.

The bill would amend Chapter 25 of the Tax Code, regarding local property tax appraisal, to provide that for the 2015 tax year the chief appraiser shall prepare supplemental appraisal records that reflect a homestead exemption of \$25,000.

The bill would amend Chapter 26 of the Tax Code, regarding assessment, to require school district assessors to determine the total taxable value of property based on a homestead exemption of \$25,000 and to calculate two tax amounts; the first based on a 2015 homestead exemption of \$15,000, and the second based on a 2015 homestead exemption of \$25,000. The school district effective and rollback tax rates would be calculated based on a homestead exemption of \$25,000. The school district assessor would be required to correct the 2015 tax roll for a school district to reflect the results of the election to approve the constitutional amendment proposed by SJR 1.

The bill would amend Chapter 31 of the Tax Code, regarding property tax collections, to:

- 1) conform the chapter to account for the new homestead exemption amount;
- 2) require a tax bill or separate statement to indicate that the tax bill is provisional, include a statement showing the amount of tax savings that would accrue if SJR 1 is approved by the voters, and state that a supplemental tax bill of that amount will be sent if SJR 1 is not approved; and
- 3) provide for calculation, delivery, and delinquency procedures related to the supplemental tax bill.

The bill would amend Chapter 33 of the Tax Code, regarding delinquency, to require the governing body of a school district to waive penalties and interest on a delinquent tax for which a supplemental tax bill is mailed.

The bill would amend Chapters 41, 42 and 46 of the Education Code, regarding equalized wealth level, the Foundation School Program, and assistance with instructional facilities and payment of existing debt, to require that the state hold school districts harmless for tax revenue losses resulting from the additional homestead exemption amount, including maintenance and operations revenue losses, and interest and sinking fund revenue losses related to existing debt. School districts would be entitled to additional state aid to the extent state aid under the current formulas does not fully reimburse them for the tax revenue losses. The Comptroller would be required to provide 2014 school district taxable values calculated as if the proposed new residence homestead exemption and reduction in tax ceilings had been in effect in tax year 2014.

The bill would prohibit a school district, municipality, or county that has adopted an optional percentage homestead exemption for the 2014 tax year under Section 11.13(n) Tax Code from reducing or repealing the exemption for a period extending through the end of tax year 2019.

The bill would amend Subchapter M, Chapter 403, of the Government Code, regarding the Comptroller's study of school district property values to require the Comptroller to calculate final taxable values for school districts based on the proposed new residence homestead exemption and reduction in tax ceilings.

The bill would take effect on the date the corresponding constitutional amendment (SJR 1) takes effect except that the proposed amendments to Chapters 25, 26, 31, and 33 of the Tax Code and

Chapter 41 of the Education Code would take effect immediately upon enactment, assuming that the bill receives the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, these provisions would take effect on the 91st day after the last day of the legislative session. The bill would apply to each tax year that begins on or after January 1, 2015. Proposed Section 33.011(k) of the Tax Code would expire December 31, 2016, if SJR 1 takes effect. If SJR 1 is not approved by the voters, the bill has no effect.

## **Methodology**

The bill's proposed increase in the residence homestead exemption would create a fiscal impact to the state.

The bill's provision requiring the Comptroller to calculate the school district property values to be used in school funding formulas as if the additional homestead exemption amount were implemented one year before the bill's effective date would minimize the adverse effect on school districts of using lagged year property values in the funding formulas. Further, the bill's hold harmless provision would require the state to offset any school property tax revenue losses resulting from the additional homestead exemption amount.

The bill's provision setting the residence homestead exemption amount at \$25,000 would provide a \$10,000 increase. The taxable value (market value after exemptions) of many homesteads is less than \$10,000. Less than the full exemption amount would be required to reduce the taxable value of these properties to zero. To reflect this, the gross amount of the additional homestead exemption was multiplied by a homestead exemption absorption factor to estimate the net value loss to the additional exemption. The loss from the proposed tax ceiling reductions was included. Projected tax rates were applied through the five-year projection period to estimate the school district loss that would be transferred to the state. Because the bill would hold school districts harmless for all property tax revenue losses, including revenues from both maintenance and operations and interest and sinking fund taxes, the table above shows the combined state costs for increased formula funding and hold harmless for both maintenance and operations and interest and sinking portions of the Foundation School Program. There would be no losses to local taxing units.

Although the constitutional amendment in corresponding SJR 1 is self-enabling regarding the increased residence homestead exemption and would by itself create a cost to school districts and the state, it is not self-enabling regarding the provisions requiring the state to fully compensate school districts for the ad valorem tax revenue lost to the proposed increase in the homestead exemption. As a result the combined effects of SJR 1 and this bill are shown in the table above, and not in the fiscal note for SJR 1.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 701 Central Education Agency, 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS, JSp

**Certification of Compliance with  
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on SB 1 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

Doris Boem  
(name)

May 28, 2015  
(date)