



## **Summary of Senate Bill 1** **and Senate Joint Resolution 1** **Texas 84th Regular Legislative Session**

Beginning with the 2015 tax year, Senate Bill 1 (SB 1) increases the current mandatory residence homestead exemption to \$25,000 and makes a corresponding reduction to school district tax ceilings subject to voter approval of Senate Joint Resolution (SJR 1). Governor Greg Abbott signed SB 1 on June 15, 2015, and voters will decide whether to approve SJR 1 on Nov. 3, 2015.

### **Chief Appraiser and School District Assessor Duties**

SB 1 adds certain duties for chief appraisers and school district assessors, effective June 15, 2015, some of these duties include:

***Supplemental Appraisal Records:*** SB 1 requires a chief appraiser to prepare supplemental appraisal records that reflect a residence homestead exemption of \$25,000. This only applies to the 2015 tax year (Tax Code Section 25.23).

***Truth-In-Taxation:*** SB 1 requires that the 2015 effective maintenance and operations and rollback tax rates of a school district be calculated based on a residence homestead exemption of \$25,000 (Tax Code Sections 26.04 and 26.08).

***Provisional Tax Bill, As Prescribed:*** SB 1 requires school district assessors, for the 2015 tax year, to:

- compute 2015 imposed taxes based on the \$25,000 residence homestead exemption and reduced school district ceiling *before* SJR 1 is placed before the voters, and
- indicate in the tax bill or separate statement that the bill is a provisional tax bill and include a statement in the substantially prescribed form showing:
  - amount of tax bill if the Legislature had not taken action,
  - amount that tax bill was lowered as a result of the Legislature's action,
  - lower tax bill amount resulting from the Legislature's action, contingent on voter approval of SJR 1; and
  - amount of supplemental school district tax bill that will be sent if SJR 1 is not approved by voters.

If SJR 1 is not approved by voters, school assessors must follow certain specified calculation, delivery, and delinquency procedures related to a supplemental tax bill mailed by Dec. 1, 2015 or as soon thereafter as practicable. The supplemental tax bill is due on receipt and the taxes are delinquent if not paid before March 1, 2016 (Tax Code Sections 31.01 and 31.02). The bill provides that 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 Tax Code Section 31.01, as amended by SB 1, which requires the provisional tax bill.

### **School Funding**

School districts are held harmless for funding losses tied to the increased residence homestead exemption and the reduced school district tax ceiling by several provisions of SB 1 (Education Code Chapters 42 and 46). Please contact the Texas Education Agency for questions regarding school funding.

### **Local Option Percentage Homestead Exemption**

Subject to voter approval, SB 1 prohibits school districts, cities, and counties that adopted a local option percentage homestead exemption under Tax Code Section 11.13(n) for the 2014 tax year from reducing or repealing the exemption (Tax Code Section 11.13(n-1)). This prohibition expires Dec. 31, 2019. SJR 1 allows the Legislature to prohibit any political subdivision that adopts a local option percentage homestead exemption from reducing the amount of or repealing the exemption (Texas Constitution, Article 8, Section 1-b(e)).

### **Prohibition on Transfer Tax**

SJR 1 provides that after Jan. 1, 2016, no law may be enacted that imposes a transfer tax that conveys fee simple title to real property. This prohibition does not apply to specified taxes.

Full text of SB 1 can be downloaded from Texas Legislature Online at [www.capitol.state.tx.us/tlodocs/84R/billtext/html/SB00001F.htm](http://www.capitol.state.tx.us/tlodocs/84R/billtext/html/SB00001F.htm).

Full text of SJR 1 can be downloaded from Texas Legislature Online at [www.capitol.state.tx.us/tlodocs/84R/billtext/html/SJ00001F.htm](http://www.capitol.state.tx.us/tlodocs/84R/billtext/html/SJ00001F.htm).