

CAUSE NO. 2016-1850-CCL2

DARLENE AXBERG, JOHN CLAUDE
AXBERG and SHEILA ANDERSON,

Plaintiffs,

VS.

KILGORE INDEPENDENT SCHOOL
DISTRICT; REGGIE HENSON, TREY
HATTAWAY, SCOTT MONTGOMERY,
KARL RILEY, JOHN SLAGLE, DERECK
BORDERS, and JIMMY KINSEY, in their
official capacities as members of the Board
of Trustees of Kilgore Independent School
District; CARA COOKE, in her Official
Capacity as Superintendent of Kilgore
Independent School District; and KIRK
SHIELDS, in his Official Capacity as Tax
Assessor-Collector of Gregg County, Texas,

Defendants.

IN THE DISTRICT COURT OF

GREGG COUNTY, TEXAS

____ JUDICIAL DISTRICT

PLEA IN INTERVENTION OF THE STATE OF TEXAS

The State of Texas intervenes in this cause under Rule 60 of the Texas Rules of Civil Procedure, section 37.006(b) of the Civil Practice and Remedies Code, and other applicable law, to protect Texas citizens and the 2015 property tax relief measures in Senate Bill 1 (signed by the Governor on June 15, 2015) (S.B. 1) and Senate Joint Resolution 1 (approved by the Texas electorate on November 3, 2015) (S.J.R. 1).

I. Background

Texans largely agree that property taxes are too high. Before S.B. 1, the

amount of the homestead exemption for school district taxation was \$15,000,¹ but local governmental bodies could provide an additional homestead exemption, known as the “optional homestead exemption.” TEX. TAX CODE § 11.13(n).

The Legislature, in response to the pleas of Texans, enacted property tax relief. S.B. 1 adopted several mechanisms to relieve the citizens of Texas from the heavy burden of property taxes, two of which are relevant here. *See* Exhibit A. First, S.B. 1 increased the homestead exemption to \$25,000. TEX. TAX CODE § 11.13(n). Second, relevant to this litigation, S.B. 1 provided that the “governing body of a school district, municipality or county that adopted an [optional homestead exemption] for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019.” *Id.* § 11.13(n-1). In other words, S.B. 1 froze any existing optional homestead exemptions at the 2014 rates through 2019.

This relief to homeowners, however, did *not* come at the expense of funding for education or Texas schools. In addition to providing assistance to property owners, S.B. 1 also requires the State to contribute additional aid to those school districts that experience a loss in revenue as a result of the relevant changes to the homestead exemption. TEX. EDUC. CODE § 42.2518(a).

The final legislative action on S.B. 1 occurred on May 29, 2015. The bill was passed with near-universal support: 138 votes in the House (with no votes against)² and 25 in the Senate.³ But the particular provisions of S.B. 1 required a constitutional amendment, and thus a vote of the people, to take effect. Unsurprisingly, on November 3, 2015, over 86% of voters approved the measure—one

¹ *See* Act of May 31, 1997, 75th Leg., R.S., ch. 592, § 2.0 I, sec. I 1.13(b), 1997 Tex. Gen. Laws 2061, 2067, *amended by* Act of May 29, 2015, 84th Leg., R.S., ch. 465, § I, 2015 Tex. Gen. Laws 1779.

² Tex. H.J., 84th Leg., R.S., May 29, 2015, at 5558.

³ Tex. S.J., 84th Leg., R.S., May 29, 2015, at 3116.

of the highest amendment margins in recent history.⁴ *See* Exhibit B.

But even before the citizens of Texas voted on S.J.R. 1, some in the state were scheming to circumvent S.J.R. 1, recognizing that it would surely be met with the support of the people and thus enacted into law.⁵ Several school districts, including Kilgore ISD, concluded that they wanted nothing to do with what the people of Texas wanted. They instead chose to reduce or repeal their local option homestead exemption. These school districts acted after S.B. 1 passed, but before the voters approved S.J.R. 1.

Make no mistake: Kilgore ISD and their fellow scofflaws knew exactly what they were doing. Before this lawsuit was filed, these school districts (and the public at large) were repeatedly notified by officials and public figures about the obligation and opportunity to revert to 2014 optional homestead exemption rates. On September 9, 2015, the Attorney General shared this publicly with the Comptroller of Public Accounts (CPA). *See* Exhibit E. The Attorney General later explained in an official opinion that “Subsection 11.13(n-1) of the Tax Code prohibits a school district, municipality, or county from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.” Tex. Att’y Gen. Op. KP-0072 at 6 (Mar. 17, 2016), attached as Exhibit F. Following that opinion, the Texas Association of School Boards notified all school boards of the AG’s opinion, and encouraged compliance. *See* Exhibit G. The following

⁴ The vote approving S.J.R. 1 exceeded even Proposition 6 on the same ballot, which recognized the right of the people to hunt and fish. *See* Office of the Secretary of State, Race Summary Report: 2015 Constitutional Amendment Election, Nov. 3, 2015. Proposition 6 passed by over 81%. *Id.*

⁵ *See, e.g.,* Exhibit C, *available at* <http://equitycenter.org/wp-content/uploads/2014/12/06.11.15-Local-Option-Homestead-Exemption-Considerations.pdf>; Exhibit D (“S.B. 1, however does not become effective until S.J.R. 1 passes in November. Presently there is no prohibition on a school district from reducing or eliminating its local option exemption for year 2015–16. This should be done by July 1, 2015 but it is possible that could be done any time before November.”), *available at* <http://equitycenter.org/wp-content/uploads/2015/03/06.05.15-SB-1-Memo-Buck-Wood.pdf>.

month, the Office of the CPA asked 24 school districts “whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General’s Opinion KP-0072.” See Exhibit H. Lastly, on June 15, 2016, the Attorney General and Texas Education Commissioner sent a joint letter to the 21 school districts that had confirmed their violations of S.B. 1 advising them of the Attorney General’s opinion, and urging them to come into compliance with S.B. 1. See Exhibit I.

And yet, here we are. The methodology employed by Defendants, and others, to collect excess taxes cannot be allowed to prevail for a simple reason: 2015 occurred after 2014. When the voters approved S.J.R. 1 on November 3, 2015, the law changed to lock in 2014 optional homestead exemption rates. Any change of the rate in 2015 is wholly ineffective. And by certifying and assessing their non-2014 rates, Defendants are violating the law.

II. Standard for Intervention

Texas Rule of Civil Procedure 60 provides that “[a]ny party may intervene by filing a pleading, subject to being stricken out by the court for sufficient cause on the motion of any party.” TEX. R. CIV. P. 60. “Rule 60 . . . provides . . . that any party may intervene” in litigation in which they have a sufficient interest. *Mendez v. Brewer*, 626 S.W.2d 498, 499 (Tex. 1982). An intervenor is not required to secure a court’s permission to intervene in a cause of action or prove that it has standing. *Guar. Fed. Sav. Bank v. Horseshoe Operating Co.*, 793 S.W.2d 652, 657 (Tex. 1990). Further, Texas Courts recognize the Attorney General’s right to intervene in suits challenging the constitutionality of laws, *Motor Vehicle Bd. of Tex. v. El Paso Indep. Auto. Dealers Ass’n*, 1 S.W.3d 108, 110–11 (Tex. 1999).

III. Texas Has Interests in Ensuring Its Laws Are Not Ignored and Upholding the Validity of Those Laws

Texas’s intervention is proper because Texas—through the Attorney General—

has an interest in defending the proper interpretation and application of its laws. *See, e.g., Motor Vehicle Bd. of Tex.*, 1 S.W.3d at 110–11; *Terrazas v. Ramirez*, 829 S.W.2d 712, 721–22 (Tex. 1991) (recognizing the Attorney General’s legitimate role in a case challenging the constitutionality of a Texas statute); *see also* TEX. CIV. PRAC. & REM. CODE § 37.006. As the chief legal officer, the Attorney General has broad power in representing Texas. *Perry v. Del Rio*, 67 S.W.3d 85, 92 (Tex. 2001) (citing TEX. CONST. art. IV, §§ 1, 22; TEX. GOV’T CODE § 402.021). Indeed, even attorneys that helped provoke the actions of the 21 school districts, understanding the Attorney General’s interest in the subject, participated in the public process that resulted in the Attorney General’s opinion KP-0072 on the subject. *See, e.g.,* Exhibit J at 2. Thus, it cannot be disputed that Texas has an interest in ensuring that local governmental bodies do not defy governing law, and particularly constitutional provisions approved by the electorate. Moreover, the Attorney General has an interest in defending the validity of Opinion KP-0072 regarding the subject matter of this dispute.

Finally, the Attorney General has an interest in defending S.B. 1 against any constitutional challenge. In the briefing process for Opinion KP-0072, the lawyer who dispensed the advice that has become the subject of this suit contended that S.B. 1 is unconstitutionally retroactive because it impairs vested rights. But in 2010, the Texas Supreme Court abandoned that standard for measuring whether retroactive laws are unconstitutional. The Court instead established a three-part test:

the nature and strength of the public interest served by the statute as evidenced by the Legislature’s factual findings; the nature of the prior right impaired by the statute; and the extent of the impairment.

Robinson v. Crown Cork & Seal Co., 335 S.W.3d 126, 145 (Tex. 2010). The Court summarized the test as being that laws are impermissibly retroactive only if they “take[] away what should not be taken away.” *Id.* at 143.

The Legislature took nothing away from Kilgore ISD because it agreed to cover

the loss of revenue attributable to S.B. 1. Yet Defendants chose to take from their own constituents, without their vote or consent, what the Legislature gave to those constituents. Certainly, the nature of this action by Defendants could invoke the spirit of any number of Texas laws beyond those in the tax or education codes.

Additionally, the three-part test the Supreme Court established in *Robinson* makes clear that S.B. 1 is not unconstitutionally retroactive. That test provides that “courts must consider three factors in light of the prohibition’s dual objectives: the nature and strength of the public interest served by the statute as evidenced by the Legislature’s factual findings; the nature of the prior right impaired by the statute; and the extent of the impairment.” *Id.* at 145. The purpose of S.B., 1 was to reduce “the property tax burden on homeowners by increasing the homestead exemption for school district taxes” as well as to reduce the limitation on school district property taxes that may be imposed on the homestead of an elderly or disabled person.⁶ In contrast to the situation in *Robinson*, where only one party was benefited by the challenged statute, the legislative purpose in enacting S.B. 1 is to address a concern important to all Texas homeowners (and to a degree Texas renters) and to improve the State’s overall economy.⁷

Likewise, the nature of the prior right at issue under the statutory change is not particularly strong. Here, the right purportedly affected is that of school districts to receive additional tax revenues prior to the effective date of a law that prohibited them from doing so by reducing or repealing the local option homestead exemption.

⁶ See SENATE RESEARCH CTR., BILL ANALYSIS, Tex. S.B. 1, 84th Leg., R.S. (2015) at 1, HOUSE RESEARCH ORG., BILL ANALYSIS, Tex. S.B. 1, 84th Leg., R.S. (2015) at 1.

⁷ See generally *Tenet Hosps. Ltd. v. Rivera*, 445 S.W.3d 698, 707 (Tex. 2014) (contrasting legislation that was a comprehensive overhaul of Texas’s medical malpractice laws with legislation at issue in *Robinson*, which was enacted solely to benefit one company); *Union Carbide Corp. v. Synatzske*, 438 S.W.3d 39, 58 (Tex. 2014) (contrasting similar comprehensive legislative scheme addressing asbestos litigation with legislation benefiting a particular entity).

See TEX. TAX CODE § 11.13(n), (n-1). However, the extent to which any particular local taxing entity had a concrete expectation of exercising its right to reduce or repeal its local option homestead exemption is unclear. See Exhibit G (noting arguments against attempting to repeal or reduce a local option exemption and advising school boards to consult with attorney prior to making any changes). Furthermore, given that S.B. 1 was passed by the Legislature on May 29, 2015, local taxing entities were on notice at that point that the Legislature intended for reductions or repeals to be ineffective, and any action taken after that date to reduce or repeal a local option homestead exemption would be in direct conflict with that intent. Accordingly, while one could argue that a prior right enjoyed by taxing entities is impaired by subsection 11.13(n-1), that legislation does not have a significant detrimental impact on settled expectations.

Finally, there is no significant impairment of a school district's rights. The hold harmless provision of S.B. 1 means that there is no fiscal impact to school districts from 2014 levels.⁸

Given the presumption against unconstitutionality, the strong public interest in reducing property taxes, the advanced notice to the school districts, and the State holding them harmless for diminished revenue, S.B. 1 cannot be viewed as unconstitutionally retroactive. Accordingly, Texas intervenes to assist in restoring to its taxpayers what rightfully belongs to them—their own money.⁹

⁸ See FISCAL NOTE, Tex. S.B. 1, 84th Leg., R.S. (2015) at 3 (stating that “[n]o fiscal impact to units of local government is anticipated”); FISCAL NOTE, Tex. S.J. Res. 1, 84th Leg., R.S. (2015) (acknowledging some reduction in school district tax revenue from the constitutional amendment likely offset by additional provisions in S.B. 1 requiring the state to hold school districts harmless for property tax losses).

⁹ Indeed, the tax breaks and deductions resulting from S.B. 1 belong to the citizenry, not the Defendants. Cf. *Ariz. Christian Sch. Tuition Org. v. Winn*, 563 U.S. 125, 144 (2011) (“Respondents’ contrary position assumes that income should be treated as if it were government property even if it has not come into the tax collector’s hands.”).

IV. Intervenors Seek Declaratory Relief

The Court has jurisdiction over requests for declaratory judgments pursuant to Article V, section 8 of the Texas Constitution, and Chapter 37 of the Texas Civil Practice and Remedies Code. Here, there is a real and substantial conflict of tangible interests concerning the rights and status of the parties. The actions of Defendants, in particular, as described in this pleading and in Plaintiff's Petition, violate Texas law and thus create a basis for the usage of the Court's declaratory powers.

V. Intervenors Seek a Writ of Mandamus

The Court has general jurisdiction to grant mandamus relief against public officials. TEX. CONST. art. V, § 8; TEX. GOV'T CODE § 24.011; *A & T Consultants, Inc. v. Sharp*, 904 S.W.2d 668, 671–72 (Tex. 1995) (orig. proceeding). Texas courts may defend Texas law through the writ of mandamus where there is a mandatory duty placed upon elected officials to comply with Texas law.

“A writ of mandamus will issue to compel a public official to perform a ministerial act.” *Anderson v. City of Seven Points*, 806 S.W.2d 791, 793 (Tex. 1991). There is “no[] doubt that a public officer . . . may be guilty of . . . such an evasion of positive duty as to amount to a virtual refusal to perform the duty enjoined,” and “in such a case a mandamus would afford a remedy where there was no other adequate remedy provided by law.” *Arberry v. Beavers*, 6 Tex. 457, 1851 WL 4016, *11 (1851).

An act is ministerial when the duty is clearly defined by law with such certainty that nothing is left to the exercise of discretion. *Anderson*, 806 S.W.2d at 793; *see also Turner v. Pruitt*, 342 S.W.2d 422, 423 (Tex. 1961) (“Writs of mandamus issue to control the conduct of an officer of government . . . when the duty to do the act commanded is clear and definite and involves the exercise of no discretion—that is, when the act is ministerial.

Mandamus will lie when there is (1) a legal duty to perform a non-discretionary act, (2) a demand for performance, and (3) a refusal to perform. *O'Connor v. First*

Court of Appeals, 837 S.W.2d 94, 97 (Tex. 1992) (orig. proceeding)). All three elements exist in the present case.

Both the Texas Constitution and the duly enacted laws of the Legislature require Defendants to assess and collect only appropriate amounts of taxes. This duty is as ministerial as it is clear, precise, unambiguous, and does not require discretion. Therefore, in these circumstances, mandamus is available to compel the performance of the ministerial act. *See Jessen Assocs. v. Bullock*, 531 S.W.2d 593, 602 (Tex. 1975) (orig. proceeding) (holding that mandamus lies “where the duty to act is clear and there is no disputed question of fact”).

VI. Conclusion and Prayer for Relief

Texas requests notice and appearance, and the opportunity to defend the rule of law before the Court. Texas also prays for the following:

(1) a declaratory judgment that the acts of the Defendants are in violation of S.B. 1 and S.J.R. 1;

(2) the issuance of a writ of mandamus to Defendants to require compliance with Texas law;

(3) an award for court costs, reasonable attorney’s fees, investigative costs, witness fees, and deposition costs, pursuant to section 37.009 of the Texas Civil Practice and Remedies Code, and other applicable provisions of Texas law; and

(3) any and all such other relief, both in law and in equity, to which Intervenor may be justly entitled.

Dated: September 29, 2016

Respectfully submitted,

KEN PAXTON

Attorney General of Texas

JEFFREY C. MATEER

First Assistant Attorney General

BRANTLEY STARR

Deputy First Assistant Attorney General

PRERAK SHAH

Senior Counsel to the Attorney General

ANDREW D. LEONIE

Associate Deputy Attorney General for the
Office of Special Litigation

/s/ Austin R. Nimocks

AUSTIN R. NIMOCKS

Associate Deputy Attorney General for the
Office of Special Litigation
Texas Bar No. 24002695

MICHAEL C. TOTH

Senior Counsel for the Office of Special
Litigation

OFFICE OF THE ATTORNEY GENERAL

P.O. Box 12548, Mail Code 009

Austin, Texas 78711-2548

Tel: 512-936-1414

ATTORNEYS FOR INTERVENOR

CERTIFICATE OF SERVICE

I, Austin R. Nimocks, hereby certify that on this the 29th day of September, 2016, a true and correct copy of the foregoing document was transmitted via certified mail, return receipt requested, to each Defendant at the addresses listed in the Plaintiff's Original Petition.

/s/ Austin R. Nimocks
Austin R. Nimocks

AN ACT

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

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

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

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

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

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

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

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 (g) 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),

S.B. No. 1

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.

President of the Senate

Speaker of the House

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

Secretary of the Senate

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

Chief Clerk of the House

Approved:

Date

Governor

SENATE JOINT RESOLUTION

1
2 proposing a constitutional amendment increasing the amount of the
3 residence homestead exemption from ad valorem taxation for public
4 school purposes and providing for a reduction of the limitation on
5 the total amount of ad valorem taxes that may be imposed for those
6 purposes on the homestead of an elderly or disabled person to
7 reflect the increased exemption amount, authorizing the
8 legislature to prohibit a political subdivision that has adopted an
9 optional residence homestead exemption from ad valorem taxation
10 from reducing the amount of or repealing the exemption, and
11 prohibiting the enactment of a law that imposes a transfer tax on a
12 transaction that conveys fee simple title to real property.

13 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

14 SECTION 1. Sections 1-b(c), (d), and (e), Article VIII,
15 Texas Constitution, are amended to read as follows:

16 (c) The amount of \$25,000 [~~Fifteen Thousand Dollars~~
17 ~~(\$15,000)~~] of the market value of the residence homestead of a
18 married or unmarried adult, including one living alone, is exempt
19 from ad valorem taxation for general elementary and secondary
20 public school purposes. The legislature by general law may provide
21 that all or part of the exemption does not apply to a district or
22 political subdivision that imposes ad valorem taxes for public
23 education purposes but is not the principal school district
24 providing general elementary and secondary public education

1 throughout its territory. In addition to this exemption, the
2 legislature by general law may exempt an amount not to exceed [~~Ten~~
3 ~~Thousand Dollars~~ () \$10,000(+)] of the market value of the residence
4 homestead of a person who is disabled as defined in Subsection (b)
5 of this section and of a person [~~sixty-five~~ () 65(+)] years of age or
6 older from ad valorem taxation for general elementary and secondary
7 public school purposes. The legislature by general law may base the
8 amount of and condition eligibility for the additional exemption
9 authorized by this subsection for disabled persons and for persons
10 [~~sixty-five~~ () 65(+)] years of age or older on economic need. An
11 eligible disabled person who is [~~sixty-five~~ () 65(+)] years of age or
12 older may not receive both exemptions from a school district but may
13 choose either. An eligible person is entitled to receive both the
14 exemption required by this subsection for all residence homesteads
15 and any exemption adopted pursuant to Subsection (b) of this
16 section, but the legislature shall provide by general law whether
17 an eligible disabled or elderly person may receive both the
18 additional exemption for the elderly and disabled authorized by
19 this subsection and any exemption for the elderly or disabled
20 adopted pursuant to Subsection (b) of this section. Where ad
21 valorem tax has previously been pledged for the payment of debt, the
22 taxing officers of a school district may continue to levy and
23 collect the tax against the value of homesteads exempted under this
24 subsection until the debt is discharged if the cessation of the levy
25 would impair the obligation of the contract by which the debt was
26 created. The legislature shall provide for formulas to protect
27 school districts against all or part of the revenue loss incurred by

1 the implementation of this subsection, Subsection (d) of this
2 section, and Section 1-d-1 of this article [~~Article VIII, Sections~~
3 ~~1-b(c), 1-b(d), and 1-d-1, of this constitution~~]. The legislature
4 by general law may define residence homestead for purposes of this
5 section.

6 (d) Except as otherwise provided by this subsection, if a
7 person receives a residence homestead exemption prescribed by
8 Subsection (c) of this section for homesteads of persons who are
9 [~~sixty-five ()~~ 65[+)] years of age or older or who are disabled, the
10 total amount of ad valorem taxes imposed on that homestead for
11 general elementary and secondary public school purposes may not be
12 increased while it remains the residence homestead of that person
13 or that person's spouse who receives the exemption. If a person
14 [~~sixty-five ()~~ 65[+)] years of age or older dies in a year in which
15 the person received the exemption, the total amount of ad valorem
16 taxes imposed on the homestead for general elementary and secondary
17 public school purposes may not be increased while it remains the
18 residence homestead of that person's surviving spouse if the spouse
19 is [~~fifty-five ()~~ 55[+)] years of age or older at the time of the
20 person's death, subject to any exceptions provided by general law.
21 The legislature, by general law, may provide for the transfer of all
22 or a proportionate amount of a limitation provided by this
23 subsection for a person who qualifies for the limitation and
24 establishes a different residence homestead. However, taxes
25 otherwise limited by this subsection may be increased to the extent
26 the value of the homestead is increased by improvements other than
27 repairs or improvements made to comply with governmental

1 requirements and except as may be consistent with the transfer of a
2 limitation under this subsection. For a residence homestead
3 subject to the limitation provided by this subsection in the 1996
4 tax year or an earlier tax year, the legislature shall provide for a
5 reduction in the amount of the limitation for the 1997 tax year and
6 subsequent tax years in an amount equal to \$10,000 multiplied by the
7 1997 tax rate for general elementary and secondary public school
8 purposes applicable to the residence homestead. For a residence
9 homestead subject to the limitation provided by this subsection in
10 the 2014 tax year or an earlier tax year, the legislature shall
11 provide for a reduction in the amount of the limitation for the 2015
12 tax year and subsequent tax years in an amount equal to \$10,000
13 multiplied by the 2015 tax rate for general elementary and
14 secondary public school purposes applicable to the residence
15 homestead.

16 (e) The governing body of a political subdivision, other
17 than a county education district, may exempt from ad valorem
18 taxation a percentage of the market value of the residence
19 homestead of a married or unmarried adult, including one living
20 alone. In the manner provided by law, the voters of a county
21 education district at an election held for that purpose may exempt
22 from ad valorem taxation a percentage of the market value of the
23 residence homestead of a married or unmarried adult, including one
24 living alone. The percentage may not exceed twenty percent.
25 However, the amount of an exemption authorized pursuant to this
26 subsection may not be less than [~~Five Thousand Dollars~~] \$5,000 [✓]
27 unless the legislature by general law prescribes other monetary

1 restrictions on the amount of the exemption. The legislature by
2 general law may prohibit the governing body of a political
3 subdivision that adopts an exemption under this subsection from
4 reducing the amount of or repealing the exemption. An eligible
5 adult is entitled to receive other applicable exemptions provided
6 by law. Where ad valorem tax has previously been pledged for the
7 payment of debt, the governing body of a political subdivision may
8 continue to levy and collect the tax against the value of the
9 homesteads exempted under this subsection until the debt is
10 discharged if the cessation of the levy would impair the obligation
11 of the contract by which the debt was created. The legislature by
12 general law may prescribe procedures for the administration of
13 residence homestead exemptions.

14 SECTION 2. Article VIII, Texas Constitution, is amended by
15 adding Section 29 to read as follows:

16 Sec. 29. (a) After January 1, 2016, no law may be enacted
17 that imposes a transfer tax on a transaction that conveys fee simple
18 title to real property.

19 (b) This section does not prohibit:

20 (1) the imposition of a general business tax measured
21 by business activity;

22 (2) the imposition of a tax on the production of
23 minerals;

24 (3) the imposition of a tax on the issuance of title
25 insurance; or

26 (4) the change of a rate of a tax in existence on
27 January 1, 2016.

1 SECTION 3. The following temporary provision is added to
2 the Texas Constitution:

3 TEMPORARY PROVISION. (a) This temporary provision applies
4 to the constitutional amendment proposed by S.J.R. 1, 84th
5 Legislature, Regular Session, 2015.

6 (b) The amendments to Sections 1-b(c), (d), and (e), Article
7 VIII, of this constitution take effect for the tax year beginning
8 January 1, 2015.

9 (c) This temporary provision expires January 1, 2017.

10 SECTION 4. This proposed constitutional amendment shall be
11 submitted to the voters at an election to be held November 3, 2015.
12 The ballot shall be printed to permit voting for or against the
13 proposition: "The constitutional amendment increasing the amount
14 of the residence homestead exemption from ad valorem taxation for
15 public school purposes from \$15,000 to \$25,000, providing for a
16 reduction of the limitation on the total amount of ad valorem taxes
17 that may be imposed for those purposes on the homestead of an
18 elderly or disabled person to reflect the increased exemption
19 amount, authorizing the legislature to prohibit a political
20 subdivision that has adopted an optional residence homestead
21 exemption from ad valorem taxation from reducing the amount of or
22 repealing the exemption, and prohibiting the enactment of a law
23 that imposes a transfer tax on a transaction that conveys fee simple
24 title to real property."

S.J.R. No. 1

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 1 was adopted by the Senate on March 25, 2015, by the following vote: Yeas 23, Nays 8; and that the Senate concurred in House amendments on May 29, 2015, by the following vote: Yeas 25, Nays 6.

Secretary of the Senate

I hereby certify that S.J.R. No. 1 was adopted by the House, with amendments, on May 24, 2015, by the following vote: Yeas 138, Nays 0, one present not voting.

Chief Clerk of the House



EQUITY CENTER

*Advocating for the Fair Treatment
of Texas Taxpayers & Children*

Emergency Alert: Local Option Homestead Exemption Considerations

TIME SENSITIVE: *July 1, 2015 Deadline*

We have been asked to respond to the following question:

Since the provision prohibiting the repeal of a Local Option Homestead Exemption (LOHE) is conditioned upon voter approval of [SJR 1](#) in November and does not take effect until then, may a Board repeal its LOHE this June while the prohibition is not in force?

Buck Wood, the Equity Center's General Counsel, has written a [Summary of the Analysis and Conclusions](#) concerning this issue. Read it [here](#).

Before taking any action, we *strongly* suggest you seek legal advice from your own school district's attorney.

Background

In [Senate Bill 1](#), the state provides for a \$10,000 increase in the constitutional exemption on homesteads (previously, \$15,000), subject to voter approval in November. The measure takes effect if and when the constitutional amendment passes in November.

Many of the 210 school districts with a LOHE can no longer afford them, but would have difficulty eliminating them because of the resulting increase in taxes on homesteads. For them, the increase in the *state's* homestead exemption could provide an opportunity to remove their LOHEs with marginal impact on homesteads.

Currently in statute, a Board's decision to reduce or eliminate a LOHE has to be made by June 30th to impact subsequent school years.

However, also in [SB 1](#), the Legislature included language (which takes effect in November) that prohibits districts that granted a LOHE for 2014-15 from reducing it for a period of 5 years. Legislative intent is clear on this matter.

For the latest legislative news follow us on [Twitter](#) or [contact our office](#) if you have any questions.



This email was sent to info@equitycenter.org by info@equitycenter.org | [Update Profile/Email Address](#) | Rapid removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).



Equity Center | 400 W. 15th Street | Suite 300 | Austin | TX | 78701

DONALD W. RAY (1940-1992)
RANDALL BUCK WOOD
DOUG W. RAY
A. DYLAN WOOD

RAY & WOOD
ATTORNEYS AT LAW
2700 BEE CAVES ROAD
AUSTIN, TEXAS 78746
(512) 328-8877

MAILING ADDRESS:
P.O. BOX 165001
AUSTIN, TEXAS 78716-5001
FAX (512) 328-1156

Summary of the Analysis and Conclusions

The legislature in passing Senate Bill, and Senate Joint Resolution 1 has attempted to convert all local option homestead exemptions into mandatory exemptions for at least five years. The fact is, however, that the legislature can extend this now mandatory exemption indefinitely, locking a taxing district into an unfunded mandate for whatever time the legislature chooses.

S.B.1., however does not become effective until S.J.R.1. passes in November. Presently there is no prohibition on a school district from reducing or eliminating its local option exemption for year 2015-16. This should be done by July 1, 2015 but it is possible that could be done any time before November.

If it is not done, the district will be required to maintain its now so called local option exemption for at least five more years and possibly forever.

MEMORANDUM

“Article VIII, section 1-b of the Texas Constitution permits in some instances, and requires in others, taxing units to grant residence-homestead exemptions from ad valorem property taxes.” Op. Tex. Att’y Gen. No. JC-0415 (2001). Subsection (e) of this constitutional provision states that the “governing body of a political subdivision, other than a county education district, may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone.” Tex.

CONST. art. VIII, § 1-b(e). “The percentage may not exceed twenty percent.” *Id.* The constitution further provides that the “legislature by general law may prescribe procedures for the administration of residence homestead exemptions.” *Id.* “[S]ection 11.13 of the Tax Code . . . generally implements article VIII, section 1-b.” Op. Tex. Att’y Gen. No. JC-0415.

Pursuant to the Tax Code, “an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body.” TEX. TAX CODE § 11.13(n). As shown by the permissive language of the Constitution, the § 1-b(e) “exemption is optional.” *Martinez v. Dallas Cent. Appraisal Dist.*, 339 S.W.3d 184, 194 (Tex. App.—Dallas 2011, no pet.); *accord* Op. Tex. Att’y Gen. No. GA-0363 (2005) (“Subsection (e) grants a political subdivision the discretion to exempt from ad valorem taxation a percentage of market value of the residence homestead of an adult.”).

Moreover, there is nothing currently in the Constitution that prevents a taxing unit that has adopted the optional percentage homestead exemption from later repealing or reducing the exemption. The Constitution does make permanent certain homestead exemptions once adopted. *See, e.g.*, TEX. CONST. art. VIII, § 1-b(h) (“The governing body of a county, a city or town, or a junior college district may not repeal or rescind a tax limitation [for disabled or over-65 taxpayers] established under this subsection.”). However, there is currently no similar constitutional language applicable to the optional percentage homestead exemption. As such, under the Constitution as it now exists, a taxing unit has the option of repealing a previously-adopted percentage homestead exemption.

The legislature has proposed a constitutional amendment to article VIII, § 1-b(e) providing that the “legislature by general law may prohibit the governing body of a political subdivision that adopts an exemption under this subsection from reducing the amount of or repealing the exemption.” S.J.R. 1, § 1, 84th Leg., R.S. (2015). In a companion bill, the legislature

has provided that the “governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019.” S.B. 1, § 1, 84th Leg., R.S. (2015) (to be codified as TEX. TAX. CODE § 11.13(n-1)). Although the restriction on repealing an exemption expires at the end of 2019, if the Constitution is amended there would be nothing preventing the legislature from making any district’s optional percentage homestead exemption permanent by simply extending or eliminating the current expiration date. *Cf. Neeley v. W. Orange-Cove Consol. Indep. Sch. Dist.*, 176 S.W.3d 746, 761 (Tex. 2005) (noting that although the “hold harmless” provision of the school finance system “was initially intended to last only three years . . . it has become permanent”).

As the new legislation recognizes, however, the legislature does not have the authority to restrict a taxing unit from repealing its optional percentage homestead exemption unless and until the proposed constitutional amendment is approved by the voters. Senate Bill 1 provides that section 1 of the “Act takes effect on the date on which the constitutional amendment proposed by S.J.R. 1 . . . takes effect; and . . . if that amendment is not approved by the voters, [it] has no effect.” S.B. 1, § 27, 84th Leg., R.S. (2015). A “legislative act may be made effective on a date different from that on which it becomes a law [and] may be made effective upon the happening of a future contingent event.” *City of San Antonio v. Brady*, 159 Tex. 42, 44-45, 315 S.W.2d 597, 598 (1958). Accordingly, until the voters have adopted the constitutional amendment proposed in S.J.R. 1, section 1 of S.B. 1 is not the law and is of no effect.

Accordingly, if a taxing entity that had previously adopted an optional percentage homestead exemption were to take formal action to repeal the exemption prior to July 1, 2015, then no home owner would be entitled to the exemption for the 2015 tax year. *See* TEX. TAX CODE § 11.13(n) (providing that a taxpayer is entitled to the optional percentage homestead exemption only if “if the exemption is adopted by the governing body of the taxing unit before

July 1 in the manner provided by law for official action by the body”). Additionally, once the exemption is formally repealed, in order for the exemption to become operative again, the taxing unit would have to subsequently readopt the exemption “in the manner provided by law for official action by the body.” *Id.*

If a taxing unit repealed its optional percentage homestead exemption in this manner and then the new section 11.13(n-1) were to become effective sometime in November 2015, there does not appear to be anything in this new section that would operate to revive the previously-repealed exemption by annulling the repeal. Neither the proposed constitutional amendment nor S.B. 1 purport to govern repeals of exemptions that occurred prior to their effective date. Words in a constitutional amendment “are given their natural, obvious and ordinary meanings as they are understood by citizens who adopted the amendment.” *State v. Clements*, 319 S.W.2d 450, 452 (Tex. Civ. App.—Texarkana 1958, writ ref’d). Similarly, statutes are construed “according to their plain meaning and in the context of the statute’s surrounding provisions.” *In re Office of the Attorney Gen. of Texas*, 456 S.W.3d 153, 155 (Tex. 2015)

The language in the proposed constitutional amendment and the statute speak only of prohibiting certain actions by taxing units and do not by their terms cover actions taken before the effective date of the new laws. When the legislature has intended to affect actions of governmental entities taken before the effective date of new legislation, it has generally said so. *See, e.g., Deacon v. City of Euless*, 405 S.W.2d 59, 61 (Tex. 1966) (holding statute that became effective in August 1963 applied retroactively to void city’s annexation ordinance that was completed prior to effective date of act because legislation specifically applied to all “annexation proceedings by cities which are pending on or instituted after March 15, 1963” making all such pending actions not in conformance with the new legislation “null and void”).

The present statutory language simply takes a subset of taxing entities, those that had an optional percentage homestead exemption in the 2014 tax year, and limits their ability to

repeal an existing exemption. Under the language in S.B. 1 if a taxing entity did not adopt an optional percentage homestead exemption until the 2015 tax year, then such taxing entity would be free to repeal its exemption at any time thereafter. This would be true even if the taxing unit had adopted and then repealed the optional exemption prior to the 2014 tax year. The proposed new subsection (n-1) contains no language nullifying any prior action that a taxing entity make take, but rather upon its effective date it would prohibit certain taxing units from taking actions to repeal or reduce any optional percentage homestead exemptions then in place. However, if a taxing unit covered by S.B. 1 had already repealed its optional homestead exemption for tax year 2015 prior to the effective date of S.B. 1, then the taxing entity would not run afoul of the statutory language, because once the statute became operative the taxing unit would be taking no action to repeal or reduce its optional homestead exemption.

Moreover, courts would likely not give the new subsection (n-1) any retroactive effect, because courts “generally presume that statutes are prospective unless they are expressly made retroactive.” *City of Austin v. Whittington*, 384 S.W.3d 766, 790 (Tex. 2012); accord Tex. Gov’t Code § 311.022 (“A statute is presumed to be prospective in its operation unless expressly made retrospective.”). Because new subsection (n-1) is not merely “procedural or remedial” and is not made expressly retroactive, it will have prospective application only. See *State v. Fid. & Deposit Co. of Maryland*, 223 S.W.3d 309, 312 & n.4 (Tex. 2007) (holding that where statutory change to definition of “highway” was not procedural or remedial and the statutory amendment was not expressly made retroactive, the new definition would be given prospective effect only).

Courts would also be unlikely to hold that the new statutory language had the implied effect of reviving a repealed optional percentage homestead exemption, because exemptions from taxation are disfavored in the law. “Statutory exemptions from taxation are subject to strict construction since they are the antithesis of equality and uniformity and because they

place a greater burden on other taxpaying businesses and individuals. An exemption cannot be raised by implication, but must affirmatively appear, and all doubts are resolved in favor of taxing authority and against the claimant.” *AHF-Arbors at Huntsville I, LLC v. Walker County Appraisal Dist.*, 410 S.W.3d 831, 838 (Tex. 2012) (quoting *Bullock v. Nat’l Bancshares Corp.*, 584 S.W.2d 268, 271–272 (Tex. 1979)).



September 9, 2015

The Honorable Glenn Hegar
Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Dear Comptroller Hegar:

We write to confirm our understanding of the impact of Senate Bill 1 and Proposition 1 on local option homestead exemptions. As you are aware, an individual is generally entitled to a homestead exemption from taxation by school districts of \$15,000 of the appraised value of the homestead. TEX. TAX CODE § 11.13(b). Senate Bill 1 raises this homestead exemption from taxation by school districts to \$25,000, contingent upon passage of Proposition 1. Senate Bill 1, § 1, sec. 11.13(b). In addition, an individual is entitled to a local option homestead exemption, between \$5,000 and not to exceed twenty percent of the appraised value of the homestead, if the governing body of a taxing district adopts a local option homestead exemption prior to July 1. TEX. TAX CODE § 11.13(n). Senate Bill 1 provides that a local government that adopted a local option homestead exemption "for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019." Senate Bill 1, § 1, sec. 11.13(n-1). That provision is only effective if the voters approve Proposition 1. *Id.* § 27(a).

The question is whether any change to the local option homestead exemption in the 2015 tax year would be effective if Proposition 1 passes. In other words, if a local government abolished or reduced its optional homestead exemption in the 2015 tax year and Proposition 1 passes, would there still be a local option homestead exemption? The express terms of Senate Bill 1 ensure that, if Proposition 1 passes, the local option homestead exemption will remain at the level it was in tax year 2014 until the end of the 2019 tax year. Therefore, if a local government abolishes or reduces its optional homestead exemption in tax year 2015 and Proposition 1 passes, the abolishment or reduction of the optional homestead exemption would have no effect.

Very truly yours,

A handwritten signature in black ink, appearing to read "CER", is written over the typed name.

Charles E. Roy
First Assistant Attorney General



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

March 17, 2016

The Honorable Jane Nelson
Chair, Committee on Finance
Texas State Senate
Post Office Box 12068
Austin, Texas 78711-2068

Opinion No. KP-0072

Re: Whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year (RQ-0082-KP)

Dear Senator Nelson:

You seek our opinion on whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.¹

Among other things, Senate Bill 1 (“S.B. 1”), enacted by the Eighty-fourth Legislature, amended section 11.13 of the Tax Code. *See* Act of May 29, 2015, 84th Leg., R.S., ch. 465, § 1, 2015 Tex. Gen. Laws 1779 (codified at TEX. TAX CODE § 11.13). Prior to S.B. 1, subsection 11.13(b) provided that the amount of homestead exemption was \$15,000 for purposes of school district taxation.² Subsection 11.13(n) authorizes a governing body of a taxing unit to provide an additional homestead exemption. TEX. TAX CODE § 11.13(n). In S.B. 1, subsection 11.13(b) was amended to increase the amount of homestead tax exemption to \$25,000. *See id.* § 11.13(b). S.B. 1 also added subsection 11.13(n-1), which provides that the “governing body of a school district, municipality or county that adopted an exemption under Subsection (n) for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019.” *Id.* § 11.13(n-1). S.B. 1 provides that the Act “applies beginning with the 2015 tax year.” Act of May 29, 2015, 84th Leg., R.S., ch. 465, § 26, 2015 Tex. Gen. Laws 1779, 1786. Yet, most provisions in S.B. 1, including the new subsection 11.13(n-1), are effective on the date on which the “constitutional amendment proposed by S.J.R. 1 . . . takes effect.” *See id.* § 27(a)(1) at 1786.

¹Letter from Honorable Jane Nelson, Chair, Senate Fin. Comm., to Honorable Ken Paxton, Tex. Att’y Gen. at 1 (Dec. 15, 2015), <https://www.texasattorneygeneral.gov/opinion/requests-for-opinion-rqs> (“Request Letter”).

²*See* Act of May 31, 1997, 75th Leg., R.S., ch. 592, § 2.01, sec. 11.13(b), 1997 Tex. Gen. Laws 2061, 2067, amended by Act of May 29, 2015, 84th Leg., R.S., ch. 465, § 1, 2015 Tex. Gen. Laws 1779.

The constitutional amendment proposed by Senate Joint Resolution 1 (“S.R.J. 1”) amends article VIII, subsection 1-b(c) of the Texas Constitution to increase the amount of the homestead exemption from \$15,000 to \$25,000. *See* Tex. S.J. Res. 1, 84th Leg., R.S., § 1, 2015 Tex. Gen. Laws 5412. The proposed amendment also authorizes the Legislature to prohibit a governing body that adopts an exemption from ad valorem taxation of a percentage of the market value of a homestead from reducing the amount of or repealing the exemption. *See id.* at 5413–14. Texas voters approved the constitutional amendment on November 3, 2015.³ As a result, S.B. 1’s effective date is November 3, 2015. Your question arises from the possibility of a local government reducing the amount of or repealing its local option exemption during the 2015 tax year, before the effective date of subsection 11.13(n-1).

The cardinal rule in statutory construction is to ascertain and effectuate the Legislature’s intent. *See Zanchi v. Lane*, 408 S.W.3d 373, 376 (Tex. 2013). “The best guide to that determination is usually the plain language of the statute.” *Tex. Adjutant Gen.’s Office v. Ngakoue*, 408 S.W.3d 350, 354 (Tex. 2013). Here, the statute’s plain language clearly indicates that the Legislature intended to set a floor for the local option exemption rates at the level they were in 2014 until the end of the 2019 tax year. *See* TEX. TAX CODE § 11.13(n-1). Accordingly, any repeal of or reduction in the amount of a local option homestead exemption by a school district, municipality, or county in 2015 would have no effect under subsection 11.13(n-1)’s express terms.

Briefing submitted in response to this request argues that in certain instances application of subsection 11.13(n-1) violates article 1, section 16, of the Texas Constitution.⁴ The briefing explains that prior to the November 3, 2015 election, no statute prevented a taxing unit from repealing or reducing the local option homestead exemption. Wood Brief at 2. Thus, if a taxing entity took formal action to repeal the exemption prior to July 1, 2015, no homeowner would be entitled to the exemption for the 2015 tax year under the law at that time. *See id.* If effective, however, subsection 11.13(n-1) would retroactively void any repeal or reduction in the amount of the exemption.

Article 1, section 16 provides “[n]o bill of attainder, ex post facto law, retroactive law, or any law impairing the obligation of contracts, shall be made.” TEX. CONST. art. I, § 16. A retroactive law is one that “acts on things which are past.” *Union Carbide Corp. v. Synatzske*, 438 S.W.3d 39, 55 (Tex. 2014). Here, subsection 11.13(n-1) renders ineffective a repeal or reduction in the amount of a local homestead exemption made in 2015 by a school district, municipality, or county made prior to the subsection’s November 3, 2015 effective date. “But retroactive effect alone will not make a statute unconstitutional.” *Id.* In addition, a challenge to a statute’s

³*See* TEX. SEC’Y OF STATE, ELECTION INFORMATION, HISTORICAL ELECTION RESULTS (1992-CURRENT), www.sos.state.tx.us/elections.sos.tx.us/ (2015 Constitutional Amendment Election).

⁴*See* Brief from Randall B. Wood, Ray & Wood, to Honorable Ken Paxton, Tex. Att’y Gen. at 2–3 (Jan. 14, 2016) (on file with the Op. Comm.) (“Wood Brief”).

constitutionality begins with a presumption that the statute is constitutional with the burden to establish otherwise on the challenging party. *Id.*

The Texas Supreme Court has identified a three-part test for consideration of challenges under article I, section 16.⁵ *See Robinson v. Crown Cork & Seal Co.*, 335 S.W.3d 126, 138–47 (Tex. 2010) (discussing myriad prior cases and recognizing the difficulty in utilizing the “impairs vested rights” test for unconstitutional retroactivity); *see also Tenet Hosps. Ltd. v. Rivera*, 445 S.W.3d 698, 707 (Tex. 2014) (following three-part test established in *Robinson*). In doing so, the court stated that constitutional provisions limiting retroactive legislation must be applied to achieve “their intended objectives—protecting settled expectations and preventing abuse of legislative power.” *Robinson*, 335 S.W.3d at 139. It further recognized that “[n]o bright-line test for unconstitutional retroactivity is possible.” *Id.* at 145. In lieu of the “impairs vested rights” analysis, the court said that “courts must consider three factors in light of the prohibition’s dual objectives: the nature and strength of the public interest served by the statute as evidenced by the Legislature’s factual findings; the nature of the prior right impaired by the statute; and the extent of the impairment.” *Id.* The court advised that “[t]he perceived public advantage of a retroactive law is not simply to be balanced against its relatively small impact on private interests There must be a compelling public interest to overcome the heavy presumption against retroactive laws.” *Id.* at 145–46. The analysis also “encompasses the notion that statutes are not to be set aside lightly.” *Tenet Hosps. Ltd.*, 445 S.W.3d at 707 (internal quotation marks omitted).

In accordance with the *Robinson* opinion, a court would first consider the nature and strength of the public interest served by the statute as evidenced by the Legislature’s factual findings, mindful that the public interest in section 11.13 must also serve a compelling interest. *See Robinson*, 335 S.W.3d at 145–46. The purpose of S.B. 1 was to reduce “the property tax burden on homeowners by increasing the homestead exemption for school district taxes” as well as to reduce the limitation on school district property taxes that may be imposed on the homestead of an elderly or disabled person. *See SENATE RESEARCH CTR., BILL ANALYSIS, Tex. S.B. 1, 84th Leg., R.S. (2015) at 1, HOUSE RESEARCH ORG., BILL ANALYSIS, Tex. S.B. 1, 84th Leg., R.S. (2015) at 1.* It is presumed that a consequence of reducing homeowners’ property tax burden is to stimulate real economic growth by increasing consumption, which in turn drives job growth. *See HOUSE RESEARCH ORG., BILL ANALYSIS, Tex. S.B. 1, 84th Leg., R.S. (2015) at 3.* “Increasing the homestead exemption would put more money in consumers’ pockets, allowing more money to be used more efficiently in the economy.” *Id.* at 3–4. And reducing the limitation for those who are elderly or disabled enhances their ability to be able to stay in their homes instead of being forced to sell due to an inability to pay taxes. In contrast to the situation in *Robinson*, wherein only one party was benefited by the challenged statute, the legislative purpose in enacting S.B. 1 is to

⁵The briefing argues that the test for unconstitutional retroactivity is whether a retroactive law destroys or impairs a vested right and that a school district has a vested right to the taxes once any exemptions are determined. *See Wood Brief at 2–3* (stating that “[f]or any school district that repealed or reduced its homestead exemption before July 1, 2015, the exemption would have been determined based upon the amount adopted by the school district and would have been determined on July 1, 2015,” a date prior to the effective date of subsection 11.13(n-1)) (citing *Corpus Christi People’s Church, Inc. v. Nueces Cty. Appraisal Dist.*, 904 S.W.2d 621, 626 (Tex. 1995)).

address a concern important to all Texas homeowners (and to a degree Texas renters) and to improve the state's overall economy. *See generally Tenet Hosps. Ltd.*, 445 S.W.3d at 707 (contrasting legislation that was a comprehensive overhaul of Texas's medical malpractice laws with legislation at issue in *Robinson*, which was enacted solely to benefit one company); *Union Carbide Corp.*, 438 S.W.3d at 58 (contrasting similar comprehensive legislative scheme addressing asbestos litigation with legislation benefiting a particular entity). A court would likely find that legislation addressing property tax relief for Texas citizens to improve the state's economy is a strong public purpose and serves a compelling public interest.

A court would next consider the nature of the prior right impaired by the statute. *See Robinson*, 335 S.W.3d at 145. Here, the right purportedly affected is that of local taxing entities such as school districts, municipalities, and counties to receive additional tax revenues prior to the effective date of a law that prohibited them from doing so by reducing or repealing the local option homestead exemption. *See* TEX. TAX CODE § 11.13(n), (n-1). However, the extent to which any particular local taxing entity had a concrete expectation of exercising its right to reduce or repeal its local option homestead exemption is unclear. *See* TEX. ASS'N OF SCH. BDS., S.J.R. 1, S.B. 1, AND THE LOCAL OPTION HOMESTEAD EXEMPTION (2015)⁶ (noting arguments against attempting to repeal or reduce a local option exemption and advising school boards to consult with attorney prior to making any changes). Furthermore, given that S.B. 1 was passed by the Legislature on May 29, 2015, local taxing entities were on notice at that point that the Legislature intended for reductions or repeals to be ineffective, and any action taken after that date to reduce or repeal a local option homestead exemption would be in direct conflict with that intent. Moreover, to the extent the vested rights analysis may still be relevant to this aspect of the inquiry, the taxing authorities' right to file suit for property taxes is not ripe until the taxes are delinquent. *See Gribble v. Layton*, 389 S.W.3d 882, 890–96 (Tex. App.—Houston [14th Dist.] 2012, pet. denied) (utilizing *Robinson* analysis but still conducting vested rights analysis as part of second prong of three-part test). Under the Tax Code, property taxes are not delinquent until they are unpaid by February 1 of the following tax year. *See* TEX. TAX CODE § 33.41(a) (providing that a taxing entity may file suit to collect tax at “any time after its tax on property becomes delinquent”), *id.* § 31.02(a) (providing generally that taxes are delinquent “if not paid before February 1 of the year following the year in which imposed”). For the 2015 tax year, taxes are not delinquent until they are unpaid by February 1, 2016. Accordingly, while a court could determine that a prior right enjoyed by taxing entities is impaired by subsection 11.13(n-1), it would likely also determine that the legislation does not have a significant detrimental impact on settled expectations.

Finally, a court would consider the extent of the impairment. *See Robinson*, 335 S.W.3d at 145. Provisions of the Education Code were added by S.B. 1 to require the state to cover certain shortfalls that a school district may incur due to the changes to the exemption with state funds. *See, e.g.*, TEX. EDUC. CODE §§ 42.2518, 46.071. With the promise of additional funds from the state to minimize the loss of revenue to the school districts, the extent of the expected impairment, at least with respect to school districts, is slight. *See* FISCAL NOTE, Tex. S.B. 1, 84th Leg., R.S. (2015) at 3 (stating that “[n]o fiscal impact to units of local government is anticipated”); FISCAL

⁶Available at www.tasb.org/Services/Legal-Services/TASB-School-Law-eSource/Business/documents/local_option_homestead_exemption_june15.pdf.

NOTE, Tex. S.J. Res. 1, 84th Leg., R.S. (2015) (acknowledging some reduction in school district tax revenue from the constitutional amendment likely offset by additional provisions in S.B. 1 requiring the state to hold school districts harmless for property tax losses). Moreover, the Legislature's provision for making up the shortfall to the school districts mitigates against a finding of any abuse of legislative power.

A court balancing these factors, while also effectuating the presumption against unconstitutionality, would likely conclude that subsection 11.13(n-1) is not unconstitutionally retroactive. Accordingly, subsection 11.13(n-1) of the Tax Code prohibits a school district, municipality, or county from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

S U M M A R Y

Subsection 11.13(n-1) of the Tax Code prohibits a school district, municipality, or county from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

Very truly yours,

A handwritten signature in black ink that reads "Ken Paxton". The signature is written in a cursive, flowing style.

KEN PAXTON
Attorney General of Texas

JEFFREY C. MATEER
First Assistant Attorney General

BRANTLEY STARR
Deputy Attorney General for Legal Counsel

VIRGINIA K. HOELSCHER
Chair, Opinion Committee

CHARLOTTE M. HARPER
Assistant Attorney General, Opinion Committee



UPDATE (3/22/16): On March 17, 2016, the Texas attorney general issued opinion number KP-72 addressing “[w]hether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.”

According to the opinion’s summary, “Subsection 11.13(n-1) of the Tax Code prohibits a school district, municipality, or county from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.”

If a school district has additional questions regarding the implications of this opinion, TASB Legal Services advises that the district consult with its school attorney.

SJR 1, SB 1, and the Local Option Homestead Exemption

The 84th legislature adopted provisions that will impact local property taxes for school districts. Districts with local option homestead exemptions may have questions about whether to reduce or repeal their local option homestead exemption in light of these changes.

Background on homestead exemptions

Texas law provides both state and local homestead exemptions from property taxes. The state homestead exemption, which is specific to taxation by a school district, is mandatory. The state homestead exemption is currently a flat \$15,000. Tex. Tax Code § 11.13(b).

The local homestead exemption applies to all taxing units and is optional. This exemption applies if a taxing unit adopts the exemption before July 1 in the manner provided by law for official action by the governing body of the taxing unit. A local option homestead exemption (LOHE) is stated as a percentage of the appraised value of a residence homestead. The percentage may not exceed 20% and the minimum amount of an LOHE for any given homestead must be \$5,000. Tex. Tax Code § 11.13(n).

The assessor for each taxing unit must mail tax bills by October 1 or as soon thereafter as practicable. Tex. Tax. Code § 31.01(a). Subject to a military duty exception, taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Tex. Tax Code § 31.02.

Legislative changes

The 84th Texas Legislature adopted two measures that impact state and local homestead exemptions. Senate Joint Resolution 1 (SJR 1) proposes a constitutional amendment increasing the state homestead exemption to \$25,000. SJR requires the legislature to provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of the increase in the state homestead exemption. SJR also authorizes the legislature to prohibit the governing body of a political subdivision that adopts an LOHE from reducing the amount of or repealing an LOHE. These amendments take effect for the tax year beginning January 1, 2015.

Senate Bill 1 (SB 1) would implement the constitutional amendment. SB 1 provides for an increase in the state homestead exemption from \$15,000 to \$25,000. In addition, a new subsection 11.13(n-1) to the Tax Code would prohibit a school district that adopted an LOHE for the 2014 tax year from reducing the amount of or repealing the exemption. This prohibition would expire December 31, 2019, so existing LOHEs would be frozen for the next five years. SB 1 applies beginning with the 2015 tax year. However, the law takes effect on the date on which the constitutional amendment proposed by SJR 1 takes effect.

Local options

A question has arisen as to whether school districts that had LOHEs in 2014 tax year may reduce or repeal those LOHEs for the 2015 tax year. The restriction in SB 1 against reducing or repealing an LOHE does not take effect until the constitutional amendment proposed by SJR 1 takes effect, although it purports to apply to the entire 2015 tax year. Thus, an argument could be made that a district may reduce or repeal its LOHE between now and November 3, 2015, when the amendment is submitted to the voters.

Arguments exist against attempting to repeal or reduce an LOHE. The legislative intent in SJR 1 and SB 1 is clearly against a reduction or repeal. A certain amount of risk is inherent in local action that contravenes legislative intent. In addition, a reduction or repeal of an LOHE might offset the impact of the decrease in the state homestead exemption, which could result in a backlash from property owners who were anticipating an overall reduction in their property tax bill. Moreover, because property taxes are not delinquent until February 1, taxpayers may argue that a constitutional amendment adopted the preceding November 3 controls calculation of property taxes for the preceding tax year, regardless of when changes to an LOHE were adopted.

Deadline for action

Section 11.13(n) provides a June 30 deadline for a district to adopt an LOHE. The Tax Code does not, however, specify a deadline for repealing or reducing an LOHE. In fact, the Tax Code and the Texas Constitution are silent as to whether school districts are authorized to repeal or reduce an LOHE. An argument could be made that a repeal or reduction is an "adoption" of an LOHE. If so, the deadline for a board to vote to repeal or reduce its LOHE is June 30.

Conclusion

The issues associated with changes to an LOHE for the 2015 tax year are complicated. Any attempt to reduce or repeal an LOHE must overcome statutory language prohibiting such changes. Accordingly, TASB Legal Services advises that a school district consult with its school attorney before taking action to reduce or repeal an LOHE that was in effect for tax year 2014.

This document is provided for educational purposes only and contains information to facilitate a general understanding of the law. It is not an exhaustive treatment of the law on this subject nor is it intended to substitute for the advice of an attorney. Consult with your own attorneys to apply these legal principles to specific fact situations.



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Mike King
Superintendent
Bridge City Independent School District
1031 W. Roundbunch Road
Bridge City, Texas 77611-2343

Dear Superintendent King:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Shane McGown
Superintendent
Broaddus Independent School District
P.O. Box 58
Broaddus, Texas 75929-0058

Dear Superintendent McGown:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. David R. Walker
Superintendent
Christoval Independent School District
P.O. Box 162
Christoval, Texas 76935-0162

Dear Superintendent Walker:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Sandra Quarles
Superintendent
Daingerfield-Lone Star Independent School District
200 Tiger Drive
Daingerfield, Texas 75638-0851

Dear Superintendent Quarles:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Monty Hysinger
Superintendent
Dumas Independent School District
P.O. Box 615
Dumas, Texas 79029-0615

Dear Superintendent Hysinger:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Wayne Mason
Superintendent
Excelsior Independent School District
11270 State Highway 7 W.
Center, Texas 75935-5304

Dear Superintendent Mason:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Dave Plymale
Superintendent
Goliad Independent School District
P.O. Box 830
Goliad, Texas 77963-0830

Dear Superintendent Plymale:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Dr. Harold D. Ramm
Superintendent
Groesbeck Independent School District
P.O. Box 559
Groesbeck, Texas 76642-0559

Dear Superintendent Ramm:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Troy Seagler
Superintendent
Gruver Independent School District
601 Garrett St.
Gruver, Texas 79040-0650

Dear Superintendent Seagler:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Dr. Shannon J. Holmes
Superintendent
Hardin-Jefferson Independent School District
520 W. Herring St.
Sour Lake, Texas 77659-0490

Dear Superintendent Holmes:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Dr. De'Ann Cathriner-Vonderau
Superintendent
High Island Independent School District
P.O. Box 246
High Island, Texas 77623-0246

Dear Superintendent Cathriner-Vonderau:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Cara Cooke
Superintendent
Kilgore Independent School District
301 N. Kilgore St.
Kilgore, Texas 75662-5499

Dear Superintendent Cooke:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", with a long horizontal flourish extending to the right.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. John Ferguson
Superintendent
Kountze Independent School District
P.O. Box 460
Kountze, Texas 77625-0460

Dear Superintendent Ferguson:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Dr. Brad Schnautz
Superintendent
Lexington Independent School District
8731 N. Highway 77
Lexington, Texas 78947-0248

Dear Superintendent Schnautz:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink that reads "Mike Esparza".

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Judd Marshall
Superintendent
Mount Pleasant Independent School District
P.O. Box 1117
Mount Pleasant, Texas 75456-1117

Dear Superintendent Marshall:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink that reads "Mike Esparza". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Michelle Barrow
Superintendent
Newton Independent School District
414 N. Main St.
Newton, Texas 75966-3602

Dear Superintendent Barrow:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Karen Unterbrink
Superintendent
Riviera Independent School District
203 Seahawk Drive
Riviera, Texas 78379-3500

Dear Superintendent Unterbrink:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Kristi Heid
Superintendent
Sabine Pass Independent School District
P.O. Box 1148
Sabine Pass, Texas 77655-1148

Dear Superintendent Heid:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Steve Pierce
Superintendent
Shepherd Independent School District
1401 S. Byrd Ave.
Shepherd, Texas 77371-3582

Dear Superintendent Pierce:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", with a stylized flourish at the end.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Dr. Randy Hoyer
Superintendent
Skidmore-Tynan Independent School District
224 W. Main St.
Skidmore, Texas 78389-0409

Dear Superintendent Hoyer:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Kendall Smith
Superintendent
Spurger Independent School District
P.O. Box 38
Spurger, Texas 77660-0038

Dear Superintendent Smith:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", with a stylized flourish at the end.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Bobby Fryar
Superintendent
Veribest Independent School District
P.O. Box 490
Veribest, Texas 76886-0490

Dear Superintendent Fryar:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 15, 2016

Mr. Karl Vaughn
Superintendent
White Deer Independent School District
P.O. Box 517
White Deer, Texas 79097-0517

Dear Superintendent Vaughn:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

April 15, 2016

Ms. Rhonda Burchinal
Superintendent
Winfield Independent School District
P.O. Box 298
Winfield, Texas 75493-0298

Dear Superintendent Burchinal:

Recently the Office of the Attorney General issued Attorney General Opinion No. KP-0072, which addressed the question posed by Senator Jane Nelson as to whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year. The Attorney General concluded that Tax Code Section 11.13(n-1), as added by Senate Bill 1, 84th Legislature, prohibits a school district, along with a county and municipality, from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year.

As you may know, the Property Tax Assistance Division (PTAD) of the Comptroller's office routinely collects property tax exemption information on an annual basis as part of our statutory duty to conduct the Property Value Study. Specifically, we collect the percentage of the local option homestead exemption under Tax Code Section 11.13(n). It has come to our attention that your school district is one that may have repealed or reduced its local option homestead exemption in conflict with the Attorney General's conclusion.

To verify the information previously reported to us, please email ptad.cpa@cpa.texas.gov to confirm your school district's 2015 tax year local option homestead percentage. This will ensure the exemption information we maintain in our records is correct. In addition, please let us know whether you are considering reinstating your 2014 local option homestead percentage for the 2016 tax year in light of Attorney General's Opinion KP-0072. We request your response by Friday, April 29, 2016.

If you have any questions, please contact us at the email address referenced above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Esparza", is written over a horizontal line.

Mike Esparza
Director, Property Tax Assistance Division



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Karl Vaughn, Superintendent
White Deer ISD
P.O. BOX 517
White Deer, TX 79097-0517

Dear Superintendent Vaughn,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Dr. D'Ann Cathriner-Vonderau, Superintendent
High Island ISD
P.O. BOX 246
High Island, TX 77623-0246

Dear Superintendent Cathriner-Vonderau,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mrs. Cara Cooke, Superintendent
Kilgore ISD
301 N Kilgore Street
Kilgore, TX 75662-5499

Dear Superintendent Cooke,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Troy Seagler, Superintendent
Gruver ISD
P.O. BOX 650
Gruver, TX 79040-0650

Dear Superintendent Seagler,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. John Ferguson, Superintendent
Kountze ISD
P.O. BOX 460
Kountze, TX 77625-0460

Dear Superintendent Ferguson,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "MM", representing Mike Morath.

Mike Morath
Commissioner of Education

A handwritten signature in black ink, reading "Ken Paxton", representing Ken Paxton.

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Dr. Shannon Holmes, Superintendent
Hardin-Jefferson ISD
P.O. BOX 490
Sour Lake, TX 77659-0490

Dear Superintendent Holmes,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Ms. Kristi Rochelle Heid, Superintendent
Sabine Pass ISD
P.O. BOX 1148
Sabine Pass, TX 77655-1148

Dear Superintendent Heid,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



Commissioner, Texas Education Agency

June 15, 2016

Mrs. Karen Unterbrink, Superintendent
Riviera ISD
203 Seahawk Drive
Riviera, TX 78379-3500

Dear Superintendent Unterbrink,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Dr. Brad Schnautz, Superintendent
Lexington ISD
8731 N Highway 77
Lexington, TX 78947-0248

Dear Superintendent Schnautz,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Dr. Harold Ramm, Superintendent
Groesbeck ISD
P.O. BOX 559
Groesbeck, TX 76642-0559

Dear Superintendent Ramm,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON
ATTORNEY GENERAL OF TEXAS



MIKE MORATH
Commissioner, Texas Education Agency

June 15, 2016

Mr. Monthy Hysinger, Superintendent
Dumas ISD
P.O. BOX 615
Dumas, TX 79029-0615

Dear Superintendent Hysinger,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Ms. Sandra Quarles, Superintendent
Daingerfield-Lone Star ISD
200 Tiger Drive
Daingerfield, TX 75638-0851

Dear Superintendent Quarles,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Todd Lintzen, Superintendent
Bridge City ISD
1031 W Roundbunch Road
Bridge City, TX 77611

Dear Superintendent Lintzen,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Shane McGown, Superintendent
Broaddus ISD
P.O. BOX 58
Broaddus, TX 75929-0058

Dear Superintendent McGown,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON
ATTORNEY GENERAL OF TEXAS



MIKE MORATH
Commissioner, Texas Education Agency

June 15, 2016

Mr. Stephen Pierce, Superintendent
Shepherd ISD
1401 S Byrd Avenue
Shepherd, TX 77371

Dear Superintendent Pierce,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Wayne Mason, Superintendent
Excelsior ISD
11270 State Highway 7 W
Center, TX 75935-5304

Dear Superintendent Mason,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Judd Marshall, Superintendent
Mount Pleasant ISD
P.O. BOX 1117
Mount Pleasant, TX 75456-1117

Dear Superintendent Marshall,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Ms. Rhonda Burchinal, Superintendent
Winfield ISD
P.O. BOX 298
Winfield, TX 75493-0298

Dear Superintendent Burchinal,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Dr. David Walker, Superintendent
Christoval ISD
P.O. BOX 162
Christoval, TX 76935-0162

Dear Superintendent Walker,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



MIKE MORATH

Commissioner, Texas Education Agency

June 15, 2016

Mr. Bobby Fryar, Superintendent
Veribest ISD
P.O. BOX 490
Veribest, TX 76886-0490

Dear Superintendent Fryar,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General



KEN PAXTON

ATTORNEY GENERAL OF TEXAS



Commissioner, Texas Education Agency

June 15, 2016

Mr. Kendall Smith, Superintendent
Spurger ISD
P.O. BOX 38
Spurger, TX 77660-0038

Dear Superintendent Smith,

Texas school boards have been adopting budgets for the upcoming 2016–2017 school year, and will be adopting tax rates soon, if they haven't already. As your district considers adopting a budget that meets the needs of your students, now is also the appropriate time to address your local option homestead exemption under Property Tax Code 11.13(n).

Senate Bill 1 was passed during the 84th regular legislative session (SB 1), which prohibited school districts from reducing or repealing the local option homestead exemption amount adopted by the district in the 2014 Tax Year. In March 2016, the Attorney General issued opinion KP-0072, affirming that SB 1 prohibits a local education agency "from repealing or reducing the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year."

Recently, the Office of the Comptroller's Property Tax Assistance Division attempted to verify which districts had made the decision to reduce or repeal their exemption post-passage of SB 1. These records indicate that your local education agency is one of them.

As Property Tax Code provision 11.13(n) establishes a July 1 deadline for adoption of the exemption, we urge your board to reinstate your exemption to 2014 levels to bring your district into compliance with the terms of Property Tax Code 11.13(n-1) [SB 1]. While we believe your board was acting in good faith using local discretion to ensure adequate resources from local property taxpayers, absent a vote by your board to restore the local option homestead exemption, our offices will unfortunately be forced to take measures to ensure compliance with the law.

Best regards,

A handwritten signature in black ink, appearing to read "Mike Morath".

Mike Morath
Commissioner of Education

A handwritten signature in black ink, appearing to read "Ken Paxton".

Ken Paxton
Attorney General

DONALD W. RAY (1940-1992)
RANDALL BUCK WOOD
DOUG W. RAY

RECEIVED

JAN 29 2016

OPINION COMMITTEE

The Honorable Ken Paxton
Attorney General of Texas
P.O. Box 12548
Austin, Texas 78711-2548

RAY & WOOD
ATTORNEYS AT LAW
2700 BEE CAVES ROAD
SUITE 200
AUSTIN, TEXAS 78746

TEL (512) 328-8877
FAX (512) 328-1156

January 14, 2016

FILE # RQ-0082-KP
I.D. # 47949

Re: Whether a school district, municipality, or county may reduce or repeal the local option homestead exemption from the amount that was adopted for the 2014 tax year through the 2019 tax year (RQ-0082-KP)

Dear Attorney General Paxton:

The Equity Center, a group of more than 600 school districts that advocate for equitable school funding, files this brief with respect to the above-referenced request for an opinion submitted by the Senator Jane Nelson. The Equity Center contends that the new law codified at section 11.13(n-1) of the Texas Tax Code may not be retroactively applied to void the actions of any school districts that reduced or repealed their optional homestead exemptions before July 1, 2015.

"Article VIII, section 1-b of the Texas Constitution permits in some instances, and requires in others, taxing units to grant residence-homestead exemptions from ad valorem property taxes." Op. Tex. Att'y Gen. No. JC-0415 (2001). Subsection (e) of this constitutional provision states that the "governing body of a political subdivision, other than a county education district, may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone." TEX. CONST. art. VIII, § 1-b(e). "The percentage may not exceed twenty percent." *Id.* The constitution further provides that the "legislature by general law may prescribe procedures for the administration of residence homestead exemptions." *Id.* "[S]ection 11.13 of the Tax Code . . . generally implements article VIII, section 1-b." Op. Tex. Att'y Gen. No. JC-0415.

Pursuant to the Tax Code, "an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body." TEX. TAX CODE § 11.13(n). As shown by the permissive language of the Constitution, the § 1-b(e) "exemption is optional." *Martinez v. Dallas Cent. Appraisal Dist.*, 339 S.W.3d 184, 194

(Tex. App.—Dallas 2011, no pet.); accord Op. Tex. Att’y Gen. No. GA-0363 (2005) (“Subsection (e) grants a political subdivision the discretion to exempt from ad valorem taxation a percentage of market value of the residence homestead of an adult.”).

Prior to the November 3, 2015 election there was nothing in the Constitution or statutory law that prevented a taxing unit that adopted the optional percentage homestead exemption from later repealing or reducing the exemption. On that date, however, the voters approved an amendment to article VIII, § 1-b(e) providing that the “legislature by general law may prohibit the governing body of a political subdivision that adopts an exemption under this subsection from reducing the amount of or repealing the exemption.” S.J.R. 1, § 1, 84th Leg., R.S. (2015) (now adopted as an amendment to TEX. CONST. art. VIII, § 1-b(e)). In a separate bill, the legislature provided that the “governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019.” S.B. 1, § 1, 84th Leg., R.S. (2015) (now codified as TEX. TAX. CODE § 11.13(n-1)).

Accordingly, if a taxing entity that had previously adopted an optional percentage homestead exemption were to take formal action to repeal the exemption prior to July 1, 2015, then no home owner would be entitled to the exemption for the 2015 tax year. See TEX. TAX CODE § 11.13(n) (providing that a taxpayer is entitled to the optional percentage homestead exemption only if “if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body”). Additionally, once the exemption is formally repealed, in order for the exemption to become operative again, the taxing unit would have to subsequently readopt the exemption “in the manner provided by law for official action by the body.” *Id.*

The question is whether a school district that reduced or repealed its optional homestead exemption before July 1, 2015 could have that exemption retroactively voided by a statute that was not in effect at the time the school district acted. Clearly, such a retroactive law would violate the Constitution.

The Constitution provides that “[n]o bill of attainder, ex post facto law, retroactive law, or any law impairing the obligation of contracts, shall be made.” TEX. CONST. art. I, § 16. “A retrospective law literally means a law which looks backwards, or on things that are past; or if it be taken to be the same as retroactive, it means to act on things that are past.” *Tenet Hosps. Ltd. v. Rivera*, 445 S.W.3d 698, 707 (Tex. 2014). Applying a statute to resurrect a tax exemption that was previously reduced or repealed when there was no law prohibiting such repeal or reduction would clearly be a retroactive law. A retroactive law violates article I, § 16 if “vested rights are destroyed or impaired.” *Corpus Christi People's Baptist Church, Inc. v. Nueces County Appraisal Dist.*, 904 S.W.2d 621, 626 (Tex. 1995). As it pertains to a taxing unit’s right to taxes that may

be subject to an exemption, a "taxing unit has [a] vested right to taxes [when] the exemption is determined." *Id.* For any school district that repealed or reduced its homestead exemption before July 1, 2015, the exemption would have been determined based upon the amount adopted by school district and would have been determined on July 1, 2015. As such, any attempt to retroactively re-impose an exemption that a school district had already reduced or repealed would run afoul of this constitutional provision by impairing the district's vested right in its taxes.

Additionally, the Constitution provides that the "Legislature shall have no power to release or extinguish, or to authorize the releasing or extinguishing, in whole or in part, the indebtedness, liability or obligation of any corporation or individual, to this State or to any county or defined subdivision thereof, or other municipal corporation therein, except delinquent taxes which have been due for a period of at least ten years." TEX. CONST. art III, § 55. "[T]axes due are clearly an obligation to a taxing entity that cannot be forgiven under article III, section 55." *Corpus Christi People's Baptist Church*, 904 S.W.2d at 625. Although the Legislature does not violate article III, § 55 by extending the deadline for a taxpayer to file for an exemption, *id.*, if applied retroactively § 11.13(n-1) would extinguish taxes that were already owed before this section came into legal operation following the passage of the enabling constitutional language on November 3, 2015. If any school district reduced or repealed their optional homestead exemption before July 1, 2015, then that exemption was final and those taxes due before the § 11.13(n-1) came into legal operation. *Id.* As such, any statutory act to retroactively void the reduction or repeal of the optional homestead exemption would be beyond the Legislature's authority and in violation of article III, § 55. Indeed, if the statute at issue in this case could void the repeal or reduction of an exemption that existed in 2014 and was accomplished before the statute could become legally operative, then there would apparently be nothing to prevent a statute from voiding any prior reduction or repeal of an exemption no matter how long ago it occurred. This can certainly not be the law.

Statutes are construed whenever possible so as to be consistent with the entire Constitution. We know that the Constitution has no greater defender than the Attorney General and so we respectfully ask that the statutory amendment at issue be given an interpretation that comports with constitutional restraints.

Sincerely,


Randall B. Wood