

By: Bettencourt, et al.

S.B. No. 26

A BILL TO BE ENTITLED

AN ACT

relating to providing property tax relief through the public school finance system, exemptions, and limitations on taxes and providing franchise tax relief.

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

ARTICLE 1. SHORT TITLE

SECTION 1.01. This Act may be cited as the Property Tax and Franchise Tax Relief Act.

ARTICLE 2. SCHOOL DISTRICT TAX RATE COMPRESSION

SECTION 2.01. Section 48.255(b), Education Code, is amended to read as follows:

(b) The state compression percentage is the lower of:

(1) 93 percent, or a lower percentage set by appropriation for a school year;

(2) the percentage determined by the following formula:

$$\text{SCP} = \text{PYCP} \times \frac{1.0175}{1.025} / (1 + \text{ECPV}); \text{ or}$$

(3) the percentage determined under this section for the preceding school year.

SECTION 2.02. Section 48.2551(b), Education Code, is amended to read as follows:

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable

1 formula:

2 (A) if "DPV" exceeds "PYDPV" by an amount equal
3 to or greater than 1.75 [~~2.5~~] percent:

4
$$\text{MCR} = (\underline{1.0175} [\del{1.025}] ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}; \text{ or}$$

5 (B) if Paragraph (A) does not apply:

6
$$\text{MCR} = \text{PYMCR}; \text{ or}$$

7 (2) the product of the state compression percentage,
8 as determined under Section 48.255, for the current tax year,
9 multiplied by \$1.00.

10 SECTION 2.03. Subchapter F, Chapter 48, Education Code, is
11 amended by adding Sections 48.2555 and 48.283 to read as follows:

12 Sec. 48.2555. MAXIMUM COMPRESSED TAX RATE FOR 2023-2024
13 SCHOOL YEAR. (a) Notwithstanding any other provision of this title
14 or Chapter 26, Tax Code, for the 2023-2024 school year, the
15 commissioner shall calculate the value of a school district's
16 maximum compressed tax rate by determining the district's maximum
17 compressed rate under Section 48.2551 or 48.2552(b), if applicable,
18 and reducing the tax rate determined under the applicable section
19 by \$0.10.

20 (b) If a school district's maximum compressed tax rate as
21 calculated under Subsection (a) would be less than 90 percent of
22 another school district's maximum compressed tax rate under
23 Subsection (a), the district's maximum compressed tax rate is the
24 value at which the district's maximum compressed tax rate would be
25 equal to 90 percent of the other district's maximum compressed tax
26 rate.

27 (c) Notwithstanding any other provision of this title or

1 Chapter 26, Tax Code, for purposes of determining funding for
2 school districts for the 2023-2024 school year, a reference in any
3 of the following provisions of law to a school district's maximum
4 compressed tax rate or maximum compressed rate as determined under
5 Section 48.2551 means the maximum compressed tax rate determined
6 for the district under this section:

- 7 (1) Section 13.054(f);
- 8 (2) Section 45.003(d);
- 9 (3) Section 45.0032(a);
- 10 (4) Section 48.051(a);
- 11 (5) Sections 48.2553(a) and (e); and
- 12 (6) Section 26.08(n), Tax Code.

13 (d) For purposes of Section 30.003(f-1), a reference in that
14 section to Section 48.2551 includes this section.

15 (e) Notwithstanding any other provision of this title, for
16 purposes of determining a school district's maximum compressed tax
17 rate under Section 48.2551 for the 2024-2025 school year, the value
18 of the district's "PYMCR" is the maximum compressed tax rate
19 determined for the district under this section for the preceding
20 school year.

21 (f) This section expires September 1, 2025.

22 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
23 IMPACTED BY COMPRESSION. (a) For the 2023-2024 and 2024-2025
24 school years, a school district that received an adjustment under
25 Section 48.257(b) for the 2022-2023 school year is entitled to
26 additional state aid in an amount equal to the difference, if the
27 difference is greater than zero, between:

1 (1) the amount of state and local revenue that would
2 have been available to the district under this chapter and Chapter
3 49 for the current school year if the district's maximum compressed
4 tax rate had not been reduced under Section 48.2555, as added by
5 S.B. 26, Acts of the 88th Legislature, 1st Called Session, 2023; and

6 (2) the amount of state and local revenue available to
7 the district under this chapter and Chapter 49 for the current
8 school year.

9 (b) This section expires September 1, 2026.

10 ARTICLE 3. SCHOOL DISTRICT RESIDENCE HOMESTEAD EXEMPTION

11 SECTION 3.01. Section 11.13(b), Tax Code, is amended to
12 read as follows:

13 (b) An adult is entitled to exemption from taxation by a
14 school district of \$100,000 [~~\$40,000~~] of the appraised value of the
15 adult's residence homestead, except that only \$5,000 of the
16 exemption applies to an entity operating under former Chapter 17,
17 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
18 May 1, 1995, as permitted by Section 11.301, Education Code.

19 SECTION 3.02. Section 11.26, Tax Code, is amended by
20 amending Subsections (a), (a-10), and (o) and adding Subsections
21 (a-11) and (a-12) to read as follows:

22 (a) The tax officials shall appraise the property to which
23 this section applies and calculate taxes as on other property, but
24 if the tax so calculated exceeds the limitation imposed by this
25 section, the tax imposed is the amount of the tax as limited by this
26 section, except as otherwise provided by this section. A school
27 district may not increase the total annual amount of ad valorem tax

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

27 (a-10) Notwithstanding the other provisions of this

1 section, if in the 2024 or a subsequent tax year an individual
2 qualifies for a limitation on tax increases provided by this
3 section on the individual's residence homestead, the amount of the
4 limitation provided by this section on the homestead is equal to the
5 amount computed by:

6 (1) multiplying the taxable value of the homestead in
7 the preceding tax year by a tax rate equal to the difference between
8 the school district's maximum compressed rate for the preceding tax
9 year and the district's maximum compressed rate for the current tax
10 year;

11 (2) subtracting the amount computed under Subdivision
12 (1) from the amount of tax the district imposed on the homestead in
13 the preceding tax year; ~~and~~

14 (3) adding any tax imposed in the current tax year
15 attributable to improvements made in the preceding tax year as
16 provided by Subsection (b) to the amount computed under Subdivision
17 (2);

18 (4) multiplying the amount of any increase in the
19 current tax year as compared to the preceding tax year in the
20 aggregate amount of the exemptions to which the individual is
21 entitled under Sections 11.13(b) and (c) by the school district's
22 tax rate for the current tax year; and

23 (5) subtracting the amount computed under Subdivision
24 (4) from the amount computed under Subdivision (3).

25 (a-11) This subsection applies only to an individual who in
26 the 2023 tax year qualifies for a limitation under this section and
27 for whom the 2022 tax year or an earlier tax year was the first tax

1 year the individual or the individual's spouse qualified for an
2 exemption under Section 11.13(c). The amount of the limitation
3 provided by this section on the residence homestead of an
4 individual to which this subsection applies for the 2023 tax year is
5 the amount of the limitation as computed under Subsection (a-5),
6 (a-6), (a-7), (a-8), or (a-9) of this section, as applicable, less
7 an amount equal to the product of \$60,000 and the tax rate of the
8 school district for the 2023 tax year. This subsection expires
9 January 1, 2025.

10 (a-12) This subsection applies only to an individual who in
11 the 2023 tax year qualifies for a limitation under this section and
12 for whom the 2021 tax year or an earlier tax year was the first tax
13 year the individual or the individual's spouse qualified for an
14 exemption under Section 11.13(c). The amount of the limitation
15 provided by this section on the residence homestead of an
16 individual to which this subsection applies for the 2023 tax year is
17 the amount of the limitation as computed under Subsection (a-11) of
18 this section less an amount equal to the product of \$15,000 and the
19 tax rate of the school district for the 2022 tax year. This
20 subsection expires January 1, 2025.

21 (o) Notwithstanding Subsections (a)[~~(a-3)~~] and (b), an
22 improvement to property that would otherwise constitute an
23 improvement under Subsection (b) is not treated as an improvement
24 under that subsection if the improvement is a replacement structure
25 for a structure that was rendered uninhabitable or unusable by a
26 casualty or by wind or water damage. For purposes of appraising the
27 property in the tax year in which the structure would have

1 constituted an improvement under Subsection (b), the replacement
2 structure is considered to be an improvement under that subsection
3 only if:

4 (1) the square footage of the replacement structure
5 exceeds that of the replaced structure as that structure existed
6 before the casualty or damage occurred; or

7 (2) the exterior of the replacement structure is of
8 higher quality construction and composition than that of the
9 replaced structure.

10 SECTION 3.03. Section 46.071, Education Code, is amended by
11 amending Subsections (a-1) and (b-1) and adding Subsections (a-2),
12 (b-2), and (c-2) to read as follows:

13 (a-1) For ~~[Beginning with]~~ the 2022-2023 school year, a
14 school district is entitled to additional state aid under this
15 subchapter to the extent that state and local revenue used to
16 service debt eligible under this chapter is less than the state and
17 local revenue that would have been available to the district under
18 this chapter as it existed on September 1, 2021, if any increase in
19 the residence homestead exemption under Section 1-b(c), Article
20 VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd
21 Called Session, 2021, had not occurred.

22 (a-2) Beginning with the 2023-2024 school year, a school
23 district is entitled to additional state aid under this subchapter
24 to the extent that state and local revenue used to service debt
25 eligible under this chapter is less than the state and local revenue
26 that would have been available to the district under this chapter as
27 it existed on September 1, 2022, if any increase in a residence

1 homestead exemption under Section 1-b(c), Article VIII, Texas
2 Constitution, and any additional limitation on tax increases under
3 Section 1-b(d) of that article as proposed by the 88th Legislature,
4 1st Called Session, 2023, had not occurred.

5 (b-1) Subject to Subsections (c-1), (d), and (e),
6 additional state aid under this section for ~~[beginning with]~~ the
7 2022-2023 school year is equal to the amount by which the loss of
8 local interest and sinking revenue for debt service attributable to
9 any increase in the residence homestead exemption under Section
10 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
11 Legislature, 3rd Called Session, 2021, is not offset by a gain in
12 state aid under this chapter.

13 (b-2) Subject to Subsections (c-2), (d), and (e),
14 additional state aid under this section beginning with the
15 2023-2024 school year is equal to the amount by which the loss of
16 local interest and sinking revenue for debt service attributable to
17 any increase in a residence homestead exemption under Section
18 1-b(c), Article VIII, Texas Constitution, and any additional
19 limitation on tax increases under Section 1-b(d) of that article as
20 proposed by the 88th Legislature, 1st Called Session, 2023, is not
21 offset by a gain in state aid under this chapter.

22 (c-2) For the purpose of determining state aid under
23 Subsections (a-2) and (b-2), local interest and sinking revenue for
24 debt service is limited to revenue required to service debt
25 eligible under this chapter as of September 1, 2023, including
26 refunding of that debt, subject to Section 46.061. The limitation
27 imposed by Section 46.034(a) does not apply for the purpose of

1 determining state aid under this section.

2 SECTION 3.04. Section 48.2542, Education Code, is amended
3 to read as follows:

4 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
5 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
6 Notwithstanding any other provision of this chapter, if a school
7 district is not fully compensated through state aid or the
8 calculation of excess local revenue under this chapter based on the
9 determination of the district's taxable value of property under
10 Subchapter M, Chapter 403, Government Code, the district is
11 entitled to additional state aid in the amount necessary to fully
12 compensate the district for the amount of ad valorem tax revenue
13 lost due to a reduction of the amount of the limitation on tax
14 increases provided by Sections 11.26(a-4), (a-5), (a-6), (a-7),
15 (a-8), (a-9), ~~[and]~~ (a-10), (a-11), and (a-12), Tax Code, as
16 applicable.

17 SECTION 3.05. Effective January 1, 2025, Section 48.2542,
18 Education Code, is amended to read as follows:

19 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
20 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
21 Notwithstanding any other provision of this chapter, if a school
22 district is not fully compensated through state aid or the
23 calculation of excess local revenue under this chapter based on the
24 determination of the district's taxable value of property under
25 Subchapter M, Chapter 403, Government Code, the district is
26 entitled to additional state aid in the amount necessary to fully
27 compensate the district for the amount of ad valorem tax revenue

1 lost due to a reduction of the amount of the limitation on tax
2 increases provided by Section 11.26(a-10) [~~Sections 11.26(a-4),~~
3 ~~(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10)]~~, Tax Code[, ~~as~~
4 ~~applicable~~].

5 SECTION 3.06. Section 48.2543, Education Code, is amended
6 to read as follows:

7 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.

8 (a) For [~~Beginning with~~] the 2022-2023 school year, a school
9 district is entitled to additional state aid to the extent that
10 state and local revenue under this chapter and Chapter 49 is less
11 than the state and local revenue that would have been available to
12 the district under this chapter and Chapter 49 as those chapters
13 existed on September 1, 2021, if any increase in the residence
14 homestead exemption under Section 1-b(c), Article VIII, Texas
15 Constitution, as proposed by the 87th Legislature, 3rd Called
16 Session, 2021, had not occurred.

17 (a-1) Beginning with the 2023-2024 school year, a school
18 district is entitled to additional state aid to the extent that
19 state and local revenue under this chapter and Chapter 49 is less
20 than the state and local revenue that would have been available to
21 the district under this chapter and Chapter 49 as those chapters
22 existed on September 1, 2022, if any increase in a residence
23 homestead exemption under Section 1-b(c), Article VIII, Texas
24 Constitution, and any additional limitation on tax increases under
25 Section 1-b(d) of that article as proposed by the 88th Legislature,
26 1st Called Session, 2023, had not occurred.

27 (b) The lesser of the school district's currently adopted

1 maintenance and operations tax rate or the adopted maintenance and
2 operations tax rate for:

3 (1) the 2021 tax year is used for the purpose of
4 determining additional state aid under Subsection (a); and

5 (2) the 2022 tax year is used for the purpose of
6 determining additional state aid under Subsection (a-1).

7 SECTION 3.07. Section 48.2556(a), Education Code, is
8 amended to read as follows:

9 (a) The agency shall post the following information on the
10 agency's Internet website for purposes of allowing the chief
11 appraiser of each appraisal district and the assessor for each
12 school district to make the calculations required by Sections
13 11.26(a-5), (a-6), (a-7), (a-8), (a-9), ~~and~~ (a-10), (a-11), and
14 (a-12), Tax Code:

15 (1) each school district's maximum compressed rate, as
16 determined under Section 48.2551, for each tax year beginning with
17 the 2019 tax year; and

18 (2) each school district's tier one maintenance and
19 operations tax rate, as provided by Section 45.0032(a), for the
20 2018 tax year.

21 SECTION 3.08. Effective January 1, 2025, Section
22 48.2556(a), Education Code, is amended to read as follows:

23 (a) For purposes of allowing the chief appraiser of each
24 appraisal district and the assessor for each school district to
25 make the calculations required by Section 11.26(a-10), Tax Code,
26 the ~~[The]~~ agency shall post ~~[the following information]~~ on the
27 agency's Internet website ~~[for purposes of allowing the chief~~

~~1 appraiser of each appraisal district and the assessor for each
2 school district to make the calculations required by Sections
3 11.26(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10), Tax Code:~~

~~4 [(1)] each school district's maximum compressed rate,
5 as determined under Section 48.2551, for the current [each] tax
6 year and the preceding [beginning with the 2019] tax year[, and~~

~~7 [(2)] each school district's tier one maintenance and
8 operations tax rate, as provided by Section 45.0032(a), for the
9 2018 tax year].~~

10 SECTION 3.09. Section 49.004, Education Code, is amended by
11 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

12 (a-1) This subsection applies only if the constitutional
13 amendment proposed by S.J.R. 2, 88th Legislature, 1st Called
14 Session, 2023, is approved by the voters in an election held for
15 that purpose. As soon as practicable after receiving revised
16 property values that reflect adoption of the constitutional
17 amendment, the commissioner shall review the local revenue level of
18 districts in the state and revise as necessary the notifications
19 provided under Subsection (a) for the 2023-2024 school year. This
20 subsection expires September 1, 2024.

21 (b-1) This subsection applies only to a district that has
22 not previously held an election under this chapter. Notwithstanding
23 Subsection (b), a district that enters into an agreement to
24 exercise an option to reduce the district's local revenue level in
25 excess of entitlement under Section 49.002(3), (4), or (5) for the
26 2023-2024 school year may request and, as provided by Section
27 49.0042(a), receive approval from the commissioner to delay the

1 date of the election otherwise required to be ordered before
2 September 1. This subsection expires September 1, 2024.

3 (c-1) Notwithstanding Subsection (c), a district that
4 receives approval from the commissioner to delay an election as
5 provided by Subsection (b-1) may adopt a tax rate for the 2023 tax
6 year before the commissioner certifies that the district has
7 reduced its local revenue level to the level established by Section
8 48.257. This subsection expires September 1, 2024.

9 SECTION 3.10. Subchapter A, Chapter 49, Education Code, is
10 amended by adding Section 49.0042 to read as follows:

11 Sec. 49.0042. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD
12 EXEMPTIONS AND LIMITATION ON TAX INCREASES. (a) The commissioner
13 shall approve a district's request under Section 49.004(b-1) to
14 delay the date of an election required under this chapter if the
15 commissioner determines that the district would not have a local
16 revenue level in excess of entitlement if the constitutional
17 amendment proposed by S.J.R. 2, 88th Legislature, 1st Called
18 Session, 2023, were approved by the voters.

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

21 (c) Not later than the 2024-2025 school year, the
22 commissioner shall order detachment and annexation of property
23 under Subchapter G or consolidation under Subchapter H as necessary
24 to reduce the district's local revenue level to the level
25 established by Section 48.257 for a district that receives approval
26 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, 2025.

3 SECTION 3.11. Subchapter A, Chapter 49, Education Code, is
4 amended by adding Section 49.0121 to read as follows:

5 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This
6 section applies only to an election under this chapter that occurs
7 during the 2023-2024 school year.

8 (b) Section 49.012 does not apply to a district that
9 receives approval of a request under Section 49.0042. 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, 2024.

14 SECTION 3.12. Section 49.154, Education Code, is amended by
15 adding Subsections (a-2) and (a-3) to read as follows:

16 (a-2) Notwithstanding Subsections (a) and (a-1), a district
17 that receives approval of a request under Section 49.0042 shall pay
18 for credit purchased:

19 (1) in equal monthly payments as determined by the
20 commissioner beginning March 15, 2024, and ending August 15, 2024;
21 or

22 (2) in the manner provided by Subsection (a)(2),
23 provided that the district notifies the commissioner of the
24 district's election to pay in that manner not later than March 15,
25 2024.

26 (a-3) Subsection (a-2) and this subsection expire September
27 1, 2024.

1 SECTION 3.13. Section 49.308, Education Code, is amended by
2 adding Subsection (a-1) to read as follows:

3 (a-1) Notwithstanding Subsection (a), for the 2023-2024
4 school year, the commissioner shall order any detachments and
5 annexations of property under this subchapter as soon as
6 practicable after the canvass of the votes on the constitutional
7 amendment proposed by S.J.R. 2, 88th Legislature, 1st Called
8 Session, 2023. This subsection expires September 1, 2024.

9 SECTION 3.14. Section 403.302, Government Code, is amended
10 by amending Subsection (j-1) and adding Subsection (j-2) to read as
11 follows:

12 (j-1) In the final certification of the study under
13 Subsection (j), the comptroller shall separately identify the final
14 taxable value for each school district as adjusted to account for
15 the reduction of the amount of the limitation on tax increases
16 provided by Section 11.26(a-10) [~~Sections 11.26(a-4), (a-5),~~
17 ~~(a-6), (a-7), (a-8), (a-9), and (a-10)~~], Tax Code[~~, as applicable~~].

18 (j-2) In the final certification of the study under
19 Subsection (j), the comptroller shall separately identify the final
20 taxable value for each school district as adjusted to account for
21 the reduction of the amount of the limitation on tax increases
22 provided by Sections 11.26(a-5), (a-6), (a-7), (a-8), (a-9),
23 (a-10), (a-11), and (a-12), Tax Code. This subsection expires
24 January 1, 2025.

25 SECTION 3.15. Section 25.23, Tax Code, is amended by adding
26 Subsection (a-1) to read as follows:

27 (a-1) This subsection applies only to the appraisal records

1 for the 2023 tax year. The chief appraiser shall prepare
2 supplemental appraisal records to account for the changes in law
3 made by S.B. 26, Acts of the 88th Legislature, 1st Called Session,
4 2023. This subsection expires December 31, 2024.

5 SECTION 3.16. Section 26.04, Tax Code, is amended by adding
6 Subsections (a-1) and (c-1) to read as follows:

7 (a-1) On receipt of the appraisal roll for the 2023 tax
8 year, the assessor for a school district shall determine the total
9 taxable value of property taxable by the district and the taxable
10 value of new property as if the changes in law made by S.B. 26, Acts
11 of the 88th Legislature, 1st Called Session, 2023, were in effect
12 for that tax year. This subsection expires December 31, 2024.

13 (c-1) An officer or employee designated by the governing
14 body of a school district shall calculate the no-new-revenue tax
15 rate and the voter-approval tax rate of the district for the 2023
16 tax year as if the changes in law made by S.B. 26, Acts of the 88th
17 Legislature, 1st Called Session, 2023, were in effect for that tax
18 year. This subsection expires December 31, 2024.

19 SECTION 3.17. Section 26.08, Tax Code, is amended by adding
20 Subsection (q) to read as follows:

21 (q) For purposes of this section, the voter-approval tax
22 rate of a school district for the 2023 tax year shall be calculated
23 as if the changes in law made by S.B. 26, Acts of the 88th
24 Legislature, 1st Called Session, 2023, were in effect for that tax
25 year. This subsection expires December 31, 2024.

26 SECTION 3.18. Section 26.09, Tax Code, is amended by adding
27 Subsection (c-1) to read as follows:

1 (c-1) The assessor for a school district shall calculate the
2 amount of tax imposed by the district on a residence homestead for
3 the 2023 tax year as if the changes in law made by S.B. 26, Acts of
4 the 88th Legislature, 1st Called Session, 2023, were in effect for
5 that tax year and also as if the changes in law made by that Act were
6 not in effect for that tax year. This subsection expires December
7 31, 2024.

8 SECTION 3.19. Section 26.15, Tax Code, is amended by adding
9 Subsection (h) to read as follows:

10 (h) The assessor for a school district shall correct the tax
11 roll for the district for the 2023 tax year to reflect the results
12 of the election to approve the constitutional amendment proposed by
13 S.J.R. 2, 88th Legislature, 1st Called Session, 2023. This
14 subsection expires December 31, 2024.

15 SECTION 3.20. Section 31.01, Tax Code, is amended by adding
16 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

17 (d-2) This subsection and Subsections (d-3) and (d-4) apply
18 only to taxes imposed by a school district on a residence homestead
19 for the 2023 tax year and only if the changes in law made by S.B. 26,
20 Acts of the 88th Legislature, 1st Called Session, 2023, would lower
21 the taxes imposed by the district on the property for that tax year.
22 The assessor for the district shall compute the amount of taxes
23 imposed and the other information required by this section as if the
24 changes in law made by S.B. 26, Acts of the 88th Legislature, 1st
25 Called Session, 2023, were in effect for that tax year. The tax
26 bill or the separate statement must indicate that the bill is a
27 provisional tax bill and include a statement in substantially the

1 following form:

2 "If the Texas Legislature had not enacted property tax relief
3 legislation during the 2023 legislative session, your tax bill
4 would have been \$_____ (insert amount of tax bill if the changes in
5 law made by S.B. 26, Acts of the 88th Legislature, 1st Called
6 Session, 2023, were not in effect for that tax year). Because of
7 action by the Texas Legislature, your tax bill has been lowered by
8 \$_____ (insert difference between amount of tax bill if the changes
9 in law made by S.B. 26, Acts of the 88th Legislature, 1st Called
10 Session, 2023, were not in effect for that tax year and amount of
11 tax bill if that Act were in effect for that tax year), resulting in
12 a lower tax bill of \$_____ (insert amount of tax bill if the changes
13 in law made by S.B. 26, Acts of the 88th Legislature, 1st Called
14 Session, 2023, were in effect for that tax year), contingent on the
15 approval by the voters at an election to be held November 7, 2023,
16 of the constitutional amendment proposed by S.J.R. 2, 88th
17 Legislature, 1st Called Session, 2023. If that constitutional
18 amendment is not approved by the voters at the election, a
19 supplemental tax bill in the amount of \$_____ (insert difference
20 between amount of tax bill if the changes in law made by S.B. 26,
21 Acts of the 88th Legislature, 1st Called Session, 2023, were not in
22 effect for that tax year and amount of tax bill if that Act were in
23 effect for that tax year) will be mailed to you."

24 (d-3) A tax bill prepared by the assessor for a school
25 district as provided by Subsection (d-2) and mailed as provided by
26 Subsection (a) is considered to be a provisional tax bill until the
27 canvass of the votes on the constitutional amendment proposed by

1 S.J.R. 2, 88th Legislature, 1st Called Session, 2023. If the
2 constitutional amendment is approved by the voters, the tax bill is
3 considered to be a final tax bill for the taxes imposed on the
4 property for the 2023 tax year, and no additional tax bill is
5 required to be mailed unless another provision of this title
6 requires the mailing of a corrected tax bill. If the constitutional
7 amendment is not approved by the voters:

8 (1) a tax bill prepared by the assessor as provided by
9 Subsection (d-2) is considered to be a final tax bill but only as to
10 the portion of the taxes imposed on the property for the 2023 tax
11 year that are included in the bill;

12 (2) the amount of taxes imposed by each school
13 district on a residence homestead for the 2023 tax year is
14 calculated as if the changes in law made by S.B. 26, Acts of the 88th
15 Legislature, 1st Called Session, 2023, were not in effect for that
16 tax year; and

17 (3) except as provided by Subsections (f), (i-1), and
18 (k), the assessor for each school district shall prepare and mail a
19 supplemental tax bill, by December 1 or as soon thereafter as
20 practicable, in an amount equal to the difference between the
21 amount of the tax bill if the changes in law made by S.B. 26, Acts of
22 the 88th Legislature, 1st Called Session, 2023, were not in effect
23 for that tax year and the amount of the tax bill if that Act were in
24 effect for that tax year.

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

1 (d-5) This subsection and Subsections (d-2), (d-3), and
2 (d-4) expire December 31, 2024.

3 SECTION 3.21. Section 31.02, Tax Code, is amended by adding
4 Subsection (a-1) to read as follows:

5 (a-1) Except as provided by Subsection (b) of this section
6 and Sections 31.03 and 31.04, taxes for which a supplemental tax
7 bill is mailed under Section 31.01(d-3) are due on receipt of the
8 tax bill and are delinquent if not paid before March 1 of the year
9 following the year in which imposed. This subsection expires
10 December 31, 2024.

11 SECTION 3.22. (a) Sections 11.26(a-1), (a-2), and (a-3),
12 Tax Code, are repealed.

13 (b) Effective January 1, 2025, Sections 11.26(a-5), (a-6),
14 (a-7), (a-8), and (a-9), Tax Code, are repealed.

15 SECTION 3.23. The changes in law made by this article to
16 Sections 11.13 and 11.26, Tax Code, apply beginning with the ad
17 valorem tax year that begins January 1, 2023.

18 ARTICLE 4. DETERMINATION AND REPORTING OF FRANCHISE TAX LIABILITY

19 SECTION 4.01. Section 171.002(d), Tax Code, is amended to
20 read as follows:

21 (d) A taxable entity is not required to pay any tax and is
22 not considered to owe any tax for a period if:

23 (1) the amount of tax computed for the taxable entity
24 is less than \$1,000; or

25 (2) the amount of the taxable entity's total revenue
26 from its entire business is less than or equal to \$2.47 [~~\$1~~] million
27 or the amount determined under Section 171.006 per 12-month period

1 on which margin is based.

2 SECTION 4.02. Section 171.204(b), Tax Code, is amended to
3 read as follows:

4 (b) The comptroller may not require a taxable entity that
5 does not owe any tax because of the application of Section
6 171.002(d)(2) to file an [abbreviated] information report with the
7 comptroller [~~stating the amount of the taxable entity's total~~
8 ~~revenue from its entire business. The comptroller may not require~~
9 ~~a taxable entity described by this subsection to file an~~
10 ~~information report that requires the taxable entity to report or~~
11 ~~compute its margin]~~.

12 SECTION 4.03. Section 171.204(d), Tax Code, is repealed.

13 SECTION 4.04. The changes in law made by this article apply
14 only to a report originally due on or after January 1, 2024.

15 ARTICLE 5. EFFECTIVE DATES

16 SECTION 5.01. Except as otherwise provided by this article,
17 this Act takes effect on the 91st day after the last day of the
18 legislative session.

19 SECTION 5.02. (a) Except as provided by Subsection (b) of
20 this section or as otherwise provided by Article 3 of this Act:

21 (1) Article 3 of this Act takes effect on the date on
22 which the constitutional amendment proposed by S.J.R. 2, 88th
23 Legislature, 1st Called Session, 2023, takes effect; and

24 (2) if that amendment is not approved by the voters,
25 Article 3 of this Act has no effect.

26 (b) Sections 49.004(a-1), (b-1), and (c-1), 49.0042,
27 49.0121, 49.154(a-2) and (a-3), and 49.308(a-1), Education Code,

1 and Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q),
2 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and
3 31.02(a-1), Tax Code, as added by Article 3 of this Act, take effect
4 immediately if this Act receives a vote of two-thirds of all the
5 members elected to each house, as provided by Section 39, Article
6 III, Texas Constitution. If this Act does not receive the vote
7 necessary for those sections to have immediate effect, those
8 sections take effect on the 91st day after the last day of the
9 legislative session.

10 SECTION 5.03. Article 4 of this Act takes effect January 1,
11 2024.