

By: Bettencourt

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. \_\_, 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. \_\_\_\_, 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. \_\_\_\_, 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. \_\_\_\_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_, 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. \_\_, 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. \_\_,  
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. \_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_\_, 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. \_\_\_,  
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. \_\_\_\_, 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. \_\_, 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. \_\_, 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. \_\_\_\_, 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.