

By: Bettencourt

S.B. No. 2

A BILL TO BE ENTITLED

AN ACT

relating to providing property tax relief through the public school finance system, exemptions, limitations on appraisals and taxes, and property tax administration; authorizing the imposition of a fee.

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 Relief Act.

ARTICLE 2. SCHOOL DISTRICT TAX RATE COMPRESSION

SECTION 2.01. Subchapter F, Chapter 48, Education Code, is amended by adding Sections 48.2555 and 48.283 to read as follows:

Sec. 48.2555. MAXIMUM COMPRESSED TAX RATE FOR 2023-2024 SCHOOL YEAR. (a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, for the 2023-2024 school year, the commissioner shall calculate the value of a school district's maximum compressed tax rate by determining the district's maximum compressed rate under Section 48.2551 or 48.2552(b), if applicable, and reducing the tax rate determined under the applicable section by \$0.107.

(b) If a school district's maximum compressed tax rate as calculated under Subsection (a) would be less than 90 percent of another school district's maximum compressed tax rate under Subsection (a), the district's maximum compressed tax rate is the

1 value at which the district's maximum compressed tax rate would be
2 equal to 90 percent of the other district's maximum compressed tax
3 rate.

4 (c) Notwithstanding any other provision of this title or
5 Chapter 26, Tax Code, for purposes of determining funding for
6 school districts for the 2023-2024 school year, a reference in any
7 of the following provisions of law to a school district's maximum
8 compressed tax rate or maximum compressed rate as determined under
9 Section 48.2551 means the maximum compressed tax rate determined
10 for the district under this section:

- 11 (1) Section 13.054(f);
- 12 (2) Section 45.003(d);
- 13 (3) Section 45.0032(a);
- 14 (4) Section 48.051(a);
- 15 (5) Sections 48.2553(a) and (e);
- 16 (6) Section 48.2556; and
- 17 (7) Section 26.08(n), Tax Code.

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

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

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

27 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS

1 IMPACTED BY COMPRESSION. A school district that received an
2 adjustment under Section 48.257(b) for the 2022-2023 school year is
3 entitled to additional state aid for each school year in an amount
4 equal to the amount of that adjustment for the 2022-2023 school year
5 less the difference, if the difference is greater than zero,
6 between:

7 (1) the amount to which the district is entitled under
8 this chapter for the current school year; and

9 (2) the amount to which the district would be entitled
10 under this chapter for the current school year if the district's
11 maximum compressed tax rate had not been reduced under Section
12 48.2555, as added by S.B. 2, Acts of the 88th Legislature, 2nd
13 Called Session, 2023.

14 ARTICLE 3. SCHOOL DISTRICT RESIDENCE HOMESTEAD EXEMPTION

15 SECTION 3.01. Section 11.13, Tax Code, is amended by
16 amending Subsection (b) and adding Subsection (n-1) to read as
17 follows:

18 (b) An adult is entitled to exemption from taxation by a
19 school district of \$100,000 [~~\$40,000~~] of the appraised value of the
20 adult's residence homestead, except that only \$5,000 of the
21 exemption applies to an entity operating under former Chapter 17,
22 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
23 May 1, 1995, as permitted by Section 11.301, Education Code.

24 (n-1) The governing body of a school district,
25 municipality, or county that adopted an exemption under Subsection
26 (n) for the 2022 tax year may not reduce the amount of or repeal the
27 exemption. This subsection expires December 31, 2027.

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

4 (a) The tax officials shall appraise the property to which
5 this section applies and calculate taxes as on other property, but
6 if the tax so calculated exceeds the limitation imposed by this
7 section, the tax imposed is the amount of the tax as limited by this
8 section, except as otherwise provided by this section. A school
9 district may not increase the total annual amount of ad valorem tax
10 it imposes on the residence homestead of an individual 65 years of
11 age or older or on the residence homestead of an individual who is
12 disabled, as defined by Section 11.13, above the amount of the tax
13 it imposed in the first tax year in which the individual qualified
14 that residence homestead for the applicable exemption provided by
15 Section 11.13(c) for an individual who is 65 years of age or older
16 or is disabled. If the individual qualified that residence
17 homestead for the exemption after the beginning of that first year
18 and the residence homestead remains eligible for the same exemption
19 for the next year, and if the school district taxes imposed on the
20 residence homestead in the next year are less than the amount of
21 taxes imposed in that first year, a school district may not
22 subsequently increase the total annual amount of ad valorem taxes
23 it imposes on the residence homestead above the amount it imposed in
24 the year immediately following the first year for which the
25 individual qualified that residence homestead for the same
26 exemption, except as provided by Subsection (b). ~~[If the first tax~~
27 ~~year the individual qualified the residence homestead for the~~

1 ~~exemption provided by Section 11.13(c) for individuals 65 years of~~
2 ~~age or older or disabled was a tax year before the 2015 tax year, the~~
3 ~~amount of the limitation provided by this section is the amount of~~
4 ~~tax the school district imposed for the 2014 tax year less an amount~~
5 ~~equal to the amount determined by multiplying \$10,000 times the tax~~
6 ~~rate of the school district for the 2015 tax year, plus any 2015 tax~~
7 ~~attributable to improvements made in 2014, other than improvements~~
8 ~~made to comply with governmental regulations or repairs.]~~

9 (a-10) Notwithstanding the other provisions of this
10 section, if in the 2024 or a subsequent tax year an individual
11 qualifies for a limitation on tax increases provided by this
12 section on the individual's residence homestead, the amount of the
13 limitation provided by this section on the homestead is equal to the
14 amount computed by:

15 (1) multiplying the taxable value of the homestead in
16 the preceding tax year by a tax rate equal to the difference between
17 the school district's maximum compressed rate for the preceding tax
18 year and the district's maximum compressed rate for the current tax
19 year;

20 (2) subtracting the amount computed under Subdivision
21 (1) from the amount of tax the district imposed on the homestead in
22 the preceding tax year; ~~and~~

23 (3) adding any tax imposed in the current tax year
24 attributable to improvements made in the preceding tax year as
25 provided by Subsection (b) to the amount computed under Subdivision
26 (2);

27 (4) multiplying the amount of any increase in the

1 current tax year as compared to the preceding tax year in the
2 aggregate amount of the exemptions to which the individual is
3 entitled under Sections 11.13(b) and (c) by the school district's
4 tax rate for the current tax year; and

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

7 (a-11) This subsection applies only to an individual who in
8 the 2023 tax year qualifies for a limitation under this section and
9 for whom the 2022 tax year or an earlier tax year was the first tax
10 year the individual or the individual's spouse qualified for an
11 exemption under Section 11.13(c). The amount of the limitation
12 provided by this section on the residence homestead of an
13 individual to which this subsection applies for the 2023 tax year is
14 the amount of the limitation as computed under Subsection (a-5),
15 (a-6), (a-7), (a-8), or (a-9) of this section, as applicable, less
16 an amount equal to the product of \$60,000 and the tax rate of the
17 school district for the 2023 tax year. This subsection expires
18 January 1, 2025.

19 (a-12) This subsection applies only to an individual who in
20 the 2023 tax year qualifies for a limitation under this section and
21 for whom the 2021 tax year or an earlier tax year was the first tax
22 year the individual or the individual's spouse qualified for an
23 exemption under Section 11.13(c). The amount of the limitation
24 provided by this section on the residence homestead of an
25 individual to which this subsection applies for the 2023 tax year is
26 the amount of the limitation as computed under Subsection (a-11) of
27 this section less an amount equal to the product of \$15,000 and the

1 tax rate of the school district for the 2022 tax year. This
2 subsection expires January 1, 2025.

3 (o) Notwithstanding Subsections (a) [~~(a-3)~~] and (b), an
4 improvement to property that would otherwise constitute an
5 improvement under Subsection (b) is not treated as an improvement
6 under that subsection if the improvement is a replacement structure
7 for a structure that was rendered uninhabitable or unusable by a
8 casualty or by wind or water damage. For purposes of appraising the
9 property in the tax year in which the structure would have
10 constituted an improvement under Subsection (b), the replacement
11 structure is considered to be an improvement under that subsection
12 only if:

13 (1) the square footage of the replacement structure
14 exceeds that of the replaced structure as that structure existed
15 before the casualty or damage occurred; or

16 (2) the exterior of the replacement structure is of
17 higher quality construction and composition than that of the
18 replaced structure.

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

22 (a-1) For [~~Beginning with~~] the 2022-2023 school year, a
23 school district is entitled to additional state aid under this
24 subchapter to the extent that state and local revenue used to
25 service debt eligible under this chapter is less than the state and
26 local revenue that would have been available to the district under
27 this chapter as it existed on September 1, 2021, if any increase in

1 the residence homestead exemption under Section 1-b(c), Article
2 VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd
3 Called Session, 2021, had not occurred.

4 (a-2) Beginning with the 2023-2024 school year, a school
5 district is entitled to additional state aid under this subchapter
6 to the extent that state and local revenue used to service debt
7 eligible under this chapter is less than the state and local revenue
8 that would have been available to the district under this chapter as
9 it existed on September 1, 2022, if any increase in a residence
10 homestead exemption under Section 1-b(c), Article VIII, Texas
11 Constitution, and any additional limitation on tax increases under
12 Section 1-b(d) of that article as proposed by the 88th Legislature,
13 2nd Called Session, 2023, had not occurred.

14 (b-1) Subject to Subsections (c-1), (d), and (e),
15 additional state aid under this section for ~~[beginning with]~~ the
16 2022-2023 school year is equal to the amount by which the loss of
17 local interest and sinking revenue for debt service attributable to
18 any increase in the residence homestead exemption under Section
19 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
20 Legislature, 3rd Called Session, 2021, is not offset by a gain in
21 state aid under this chapter.

22 (b-2) Subject to Subsections (c-2), (d), and (e),
23 additional state aid under this section beginning with the
24 2023-2024 school year is equal to the amount by which the loss of
25 local interest and sinking revenue for debt service attributable to
26 any increase in a residence homestead exemption under Section
27 1-b(c), Article VIII, Texas Constitution, and any additional

1 limitation on tax increases under Section 1-b(d) of that article as
2 proposed by the 88th Legislature, 2nd Called Session, 2023, is not
3 offset by a gain in state aid under this chapter.

4 (c-2) For the purpose of determining state aid under
5 Subsections (a-2) and (b-2), local interest and sinking revenue for
6 debt service is limited to revenue required to service debt
7 eligible under this chapter as of September 1, 2022, including
8 refunding of that debt, subject to Section 46.061. The limitation
9 imposed by Section 46.034(a) does not apply for the purpose of
10 determining state aid under this section.

11 SECTION 3.04. Section 48.2542, Education Code, is amended
12 to read as follows:

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

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

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

14 SECTION 3.06. Section 48.2543, Education Code, is amended
15 to read as follows:

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

17 (a) For [~~Beginning with~~] the 2022-2023 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, 2021, if any increase in the residence
23 homestead exemption under Section 1-b(c), Article VIII, Texas
24 Constitution, as proposed by the 87th Legislature, 3rd Called
25 Session, 2021, had not occurred.

26 (a-1) Beginning with the 2023-2024 school year, a school
27 district is entitled to additional state aid to the extent that

1 state and local revenue under this chapter and Chapter 49 is less
2 than the state and local revenue that would have been available to
3 the district under this chapter and Chapter 49 as those chapters
4 existed on September 1, 2022, if any increase in a residence
5 homestead exemption under Section 1-b(c), Article VIII, Texas
6 Constitution, and any additional limitation on tax increases under
7 Section 1-b(d) of that article as proposed by the 88th Legislature,
8 2nd Called Session, 2023, had not occurred.

9 (b) The lesser of the school district's currently adopted
10 maintenance and operations tax rate or the adopted maintenance and
11 operations tax rate for:

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

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

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

18 (a) The agency shall post the following information on the
19 agency's Internet website for purposes of allowing the chief
20 appraiser of each appraisal district and the assessor for each
21 school district to make the calculations required by Sections
22 11.26(a-5), (a-6), (a-7), (a-8), (a-9), ~~and~~ (a-10), (a-11), and
23 (a-12), Tax Code:

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

27 (2) each school district's tier one maintenance and

1 operations tax rate, as provided by Section 45.0032(a), for the
2 2018 tax year.

3 SECTION 3.08. Effective January 1, 2025, Section
4 48.2556(a), Education Code, is amended to read as follows:

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

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

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

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

21 (a-1) This subsection applies only if the constitutional
22 amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called
23 Session, 2023, is approved by the voters in an election held for
24 that purpose. As soon as practicable after receiving revised
25 property values that reflect adoption of the constitutional
26 amendment, the commissioner shall review the local revenue level of
27 districts in the state and revise as necessary the notifications

1 provided under Subsection (a) for the 2023-2024 school year. This
2 subsection expires September 1, 2024.

3 (b-1) This subsection applies only to a district that has
4 not previously held an election under this chapter. Notwithstanding
5 Subsection (b), a district that enters into an agreement to
6 exercise an option to reduce the district's local revenue level in
7 excess of entitlement under Section 49.002(3), (4), or (5) for the
8 2023-2024 school year may request and, as provided by Section
9 49.0042(a), receive approval from the commissioner to delay the
10 date of the election otherwise required to be ordered before
11 September 1. This subsection expires September 1, 2024.

12 (c-1) Notwithstanding Subsection (c), a district that
13 receives approval from the commissioner to delay an election as
14 provided by Subsection (b-1) may adopt a tax rate for the 2023 tax
15 year before the commissioner certifies that the district has
16 reduced its local revenue level to the level established by Section
17 48.257. This subsection expires September 1, 2024.

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

20 Sec. 49.0042. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD
21 EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The commissioner
22 shall approve a district's request under Section 49.004(b-1) to
23 delay the date of an election required under this chapter if the
24 commissioner determines that the district would not have a local
25 revenue level in excess of entitlement if the constitutional
26 amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called
27 Session, 2023, were approved by the voters.

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

3 (c) Not later than the 2024-2025 school year, the
4 commissioner shall order detachment and annexation of property
5 under Subchapter G or consolidation under Subchapter H as necessary
6 to reduce the district's local revenue level to the level
7 established by Section 48.257 for a district that receives approval
8 under this section and subsequently:

9 (1) fails to hold the election; or

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

11 (d) This section expires September 1, 2025.

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

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

17 (b) Section 49.012 does not apply to a district that
18 receives approval of a request under Section 49.0042. The district
19 shall hold the election on a Tuesday or Saturday on or before a date
20 specified by the commissioner. Section 41.001, Election Code, does
21 not apply to the election.

22 (c) This section expires September 1, 2024.

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

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

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

4 (2) in the manner provided by Subsection (a)(2),
5 provided that the district notifies the commissioner of the
6 district's election to pay in that manner not later than March 15,
7 2024.

8 (a-3) Subsection (a-2) and this subsection expire September
9 1, 2024.

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

12 (a-1) Notwithstanding Subsection (a), for the 2023-2024
13 school year, the commissioner shall order any detachments and
14 annexations of property under this subchapter as soon as
15 practicable after the canvass of the votes on the constitutional
16 amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called
17 Session, 2023. This subsection expires September 1, 2024.

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

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

27 (j-2) In the final certification of the study under

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

7 SECTION 3.15. (a) Sections 11.26(a-1), (a-2), and (a-3),
8 Tax Code, are repealed.

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

11 SECTION 3.16. Sections 11.13 and 11.26, Tax Code, as
12 amended by this article, apply only to an ad valorem tax year that
13 begins on or after January 1, 2023.

14 ARTICLE 4. CIRCUIT BREAKER LIMITATION ON INCREASES IN VALUE OF REAL
15 PROPERTY OTHER THAN RESIDENCE HOMESTEAD

16 SECTION 4.01. Section 1.12(d), Tax Code, is amended to read
17 as follows:

18 (d) For purposes of this section, the appraisal ratio of
19 property [a homestead] to which Section 23.23 or 23.231 applies is
20 the ratio of the property's market value as determined by the
21 appraisal district or appraisal review board, as applicable, to the
22 market value of the property according to law. The appraisal ratio
23 is not calculated according to the appraised value of the property
24 as limited by Section 23.23 or 23.231.

25 SECTION 4.02. Effective January 1, 2027, Section 1.12(d),
26 Tax Code, is amended to read as follows:

27 (d) For purposes of this section, the appraisal ratio of a

1 homestead to which Section 23.23 applies is the ratio of the
2 property's market value as determined by the appraisal district or
3 appraisal review board, as applicable, to the market value of the
4 property according to law. The appraisal ratio is not calculated
5 according to the appraised value of the property as limited by
6 Section 23.23.

7 SECTION 4.03. Subchapter B, Chapter 23, Tax Code, is
8 amended by adding Section 23.231 to read as follows:

9 Sec. 23.231. CIRCUIT BREAKER LIMITATION ON APPRAISED VALUE
10 OF REAL PROPERTY OTHER THAN RESIDENCE HOMESTEAD. (a) In this
11 section:

12 (1) "Consumer price index" means the average over a
13 state fiscal year of the Consumer Price Index for All Urban
14 Consumers (CPI-U), U.S. City Average, published monthly by the
15 United States Bureau of Labor Statistics, or its successor in
16 function.

17 (2) "Disaster recovery program" means a disaster
18 recovery program funded with community development block grant
19 disaster recovery money authorized by federal law.

20 (3) "New improvement" means an improvement to real
21 property made after the most recent appraisal of the property that
22 increases the market value of the property and the value of which is
23 not included in the appraised value of the property for the
24 preceding tax year. The term does not include repairs to or
25 ordinary maintenance of an existing structure or the grounds or
26 another feature of the property.

27 (b) This section applies only to real property with an

1 appraised value of not more than the amount determined under
2 Subsection (j) for the tax year in which the property first
3 qualifies for the circuit breaker limitation authorized by this
4 section.

5 (c) This section does not apply to:

6 (1) a residence homestead that qualifies for an
7 exemption under Section 11.13; or

8 (2) property appraised under Subchapter C, D, E, F, G,
9 or H.

10 (d) Notwithstanding the requirements of Section 25.18 and
11 regardless of whether the appraisal office has appraised the
12 property and determined the market value of the property for the tax
13 year, an appraisal office may increase the appraised value of real
14 property to which this section applies for a tax year to an amount
15 not to exceed the lesser of:

16 (1) the market value of the property for the most
17 recent tax year that the market value was determined by the
18 appraisal office; or

19 (2) the sum of:

20 (A) 20 percent of the appraised value of the
21 property for the preceding tax year;

22 (B) the appraised value of the property for the
23 preceding tax year; and

24 (C) the market value of all new improvements to
25 the property.

26 (e) When appraising real property to which this section
27 applies, the chief appraiser shall:

1 (1) appraise the property at its market value; and

2 (2) include in the appraisal records both the market
3 value of the property and the amount computed under Subsection
4 (d)(2).

5 (f) The circuit breaker limitation provided by Subsection
6 (d) takes effect as to a parcel of real property on January 1 of the
7 tax year following the first tax year in which the owner owns the
8 property on January 1. The circuit breaker limitation expires on
9 January 1 of the tax year following the tax year in which the owner
10 of the property ceases to own the property.

11 (g) For purposes of Subsection (f), a person who acquired
12 real property to which this section applies before the 2023 tax year
13 is considered to have acquired the property on January 1, 2023.

14 (h) Notwithstanding Subsections (a) and (d) and except as
15 provided by Subdivision (2) of this subsection, an improvement to
16 real property that would otherwise constitute a new improvement is
17 not treated as a new improvement if the improvement is a replacement
18 structure for a structure that was rendered uninhabitable or
19 unusable by a casualty or by wind or water damage. For purposes of
20 appraising the property under Subsection (d) in the tax year in
21 which the structure would have constituted a new improvement:

22 (1) the appraised value the property would have had in
23 the preceding tax year if the casualty or damage had not occurred is
24 considered to be the appraised value of the property for that year,
25 regardless of whether that appraised value exceeds the actual
26 appraised value of the property for that year as limited by
27 Subsection (d); and

1 (2) the replacement structure is considered to be a
2 new improvement only if:

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

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

9 (i) Notwithstanding Subsection (h)(2), and only to the
10 extent necessary to satisfy the requirements of a disaster recovery
11 program, a replacement structure described by that subdivision is
12 not considered to be a new improvement if to satisfy the
13 requirements of the disaster recovery program it was necessary
14 that:

15 (1) the square footage of the replacement structure
16 exceed that of the replaced structure as that structure existed
17 before the casualty or damage occurred; or

18 (2) the exterior of the replacement structure be of
19 higher quality construction and composition than that of the
20 replaced structure.

21 (j) For the purpose of Subsection (b), for the 2024 tax
22 year, the amount is \$5 million. For the 2025 tax year, the
23 comptroller shall determine the amount for purposes of Subsection
24 (b) by increasing or decreasing, as applicable, the amount in
25 effect for the 2024 tax year by an amount equal to \$5 million
26 multiplied by the percentage increase or decrease during the
27 preceding state fiscal year in the consumer price index. For each

1 subsequent tax year, the comptroller shall determine the amount for
2 purposes of Subsection (b) by increasing or decreasing, as
3 applicable, the amount in effect for the preceding tax year by an
4 amount equal to that amount multiplied by the percentage increase
5 or decrease during the preceding state fiscal year in the consumer
6 price index, rounded to the nearest \$10,000. The comptroller shall
7 publish the amount in effect for a tax year under this subsection as
8 soon as practicable after January 1 of the tax year.

9 (k) This section expires December 31, 2026.

10 SECTION 4.04. Sections 25.19(b) and (g), Tax Code, are
11 amended to read as follows:

12 (b) The chief appraiser shall separate real from personal
13 property and include in the notice for each:

14 (1) a list of the taxing units in which the property is
15 taxable;

16 (2) the appraised value of the property in the
17 preceding year;

18 (3) the taxable value of the property in the preceding
19 year for each taxing unit taxing the property;

20 (4) the appraised value of the property for the
21 current year, the kind and amount of each exemption and partial
22 exemption, if any, approved for the property for the current year
23 and for the preceding year, and, if an exemption or partial
24 exemption that was approved for the preceding year was canceled or
25 reduced for the current year, the amount of the exemption or partial
26 exemption canceled or reduced;

27 (4-a) a statement of whether the property qualifies for

1 the circuit breaker limitation on appraised value provided by
2 Section 23.231;

3 (5) in italic typeface, the following statement: "The
4 Texas Legislature does not set the amount of your local taxes. Your
5 property tax burden is decided by your locally elected officials,
6 and all inquiries concerning your taxes should be directed to those
7 officials";

8 (6) a detailed explanation of the time and procedure
9 for protesting the value;

10 (7) the date and place the appraisal review board will
11 begin hearing protests;

12 (8) an explanation of the availability and purpose of
13 an informal conference with the appraisal office before a hearing
14 on a protest; and

15 (9) a brief explanation that the governing body of
16 each taxing unit decides whether or not taxes on the property will
17 increase and the appraisal district only determines the value of
18 the property.

19 (g) By April 1 or as soon thereafter as practicable if the
20 property is a single-family residence that qualifies for an
21 exemption under Section 11.13, or by May 1 or as soon thereafter as
22 practicable in connection with any other property, the chief
23 appraiser shall deliver a written notice to the owner of each
24 property not included in a notice required to be delivered under
25 Subsection (a), if the property was reappraised in the current tax
26 year, if the ownership of the property changed during the preceding
27 year, or if the property owner or the agent of a property owner

1 authorized under Section 1.111 makes a written request for the
2 notice. The chief appraiser shall separate real from personal
3 property and include in the notice for each property:

4 (1) the appraised value of the property in the
5 preceding year;

6 (2) the appraised value of the property for the
7 current year and the kind of each partial exemption, if any,
8 approved for the current year;

9 (2-a) a statement of whether the property qualifies for
10 the circuit breaker limitation on appraised value provided by
11 Section 23.231;

12 (3) a detailed explanation of the time and procedure
13 for protesting the value; and

14 (4) the date and place the appraisal review board will
15 begin hearing protests.

16 SECTION 4.05. Effective January 1, 2027, Sections 25.19(b)
17 and (g), Tax Code, are amended to read as follows:

18 (b) The chief appraiser shall separate real from personal
19 property and include in the notice for each:

20 (1) a list of the taxing units in which the property is
21 taxable;

22 (2) the appraised value of the property in the
23 preceding year;

24 (3) the taxable value of the property in the preceding
25 year for each taxing unit taxing the property;

26 (4) the appraised value of the property for the
27 current year, the kind and amount of each exemption and partial

1 exemption, if any, approved for the property for the current year
2 and for the preceding year, and, if an exemption or partial
3 exemption that was approved for the preceding year was canceled or
4 reduced for the current year, the amount of the exemption or partial
5 exemption canceled or reduced;

6 (5) in italic typeface, the following statement: "The
7 Texas Legislature does not set the amount of your local taxes. Your
8 property tax burden is decided by your locally elected officials,
9 and all inquiries concerning your taxes should be directed to those
10 officials";

11 (6) a detailed explanation of the time and procedure
12 for protesting the value;

13 (7) the date and place the appraisal review board will
14 begin hearing protests;

15 (8) an explanation of the availability and purpose of
16 an informal conference with the appraisal office before a hearing
17 on a protest; and

18 (9) a brief explanation that the governing body of
19 each taxing unit decides whether or not taxes on the property will
20 increase and the appraisal district only determines the value of
21 the property.

22 (g) By April 1 or as soon thereafter as practicable if the
23 property is a single-family residence that qualifies for an
24 exemption under Section 11.13, or by May 1 or as soon thereafter as
25 practicable in connection with any other property, the chief
26 appraiser shall deliver a written notice to the owner of each
27 property not included in a notice required to be delivered under

1 Subsection (a), if the property was reappraised in the current tax
2 year, if the ownership of the property changed during the preceding
3 year, or if the property owner or the agent of a property owner
4 authorized under Section 1.111 makes a written request for the
5 notice. The chief appraiser shall separate real from personal
6 property and include in the notice for each property:

7 (1) the appraised value of the property in the
8 preceding year;

9 (2) the appraised value of the property for the
10 current year and the kind of each partial exemption, if any,
11 approved for the current year;

12 (3) a detailed explanation of the time and procedure
13 for protesting the value; and

14 (4) the date and place the appraisal review board will
15 begin hearing protests.

16 SECTION 4.06. Section 25.19, Tax Code, is amended by adding
17 Subsection (o) to read as follows:

18 (o) A notice required under Subsection (a) or (g) to be
19 delivered to the owner of real property other than a single-family
20 residence that qualifies for an exemption under Section 11.13 must
21 include the following statement: "Under Section 23.231, Tax Code,
22 for the 2024, 2025, and 2026 tax years, the appraised value of real
23 property other than a residence homestead for ad valorem tax
24 purposes may not be increased by more than 20 percent each year,
25 with certain exceptions. The circuit breaker limitation provided
26 under Section 23.231, Tax Code, expires December 31, 2026. Unless
27 this expiration date is extended by the Texas Legislature,

1 beginning in the 2027 tax year, the circuit breaker limitation
2 provided under Section 23.231, Tax Code, will no longer be in effect
3 and may result in an increase in ad valorem taxes imposed on real
4 property previously subject to the limitation." This subsection
5 expires December 31, 2027.

6 SECTION 4.07. Section 41.41(a), Tax Code, is amended to
7 read as follows:

8 (a) A property owner is entitled to protest before the
9 appraisal review board the following actions:

10 (1) determination of the appraised value of the
11 owner's property or, in the case of land appraised as provided by
12 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
13 or market value;

14 (2) unequal appraisal of the owner's property;

15 (3) inclusion of the owner's property on the appraisal
16 records;

17 (4) denial to the property owner in whole or in part of
18 a partial exemption;

19 (4-a) determination that the owner's property does not
20 qualify for the circuit breaker limitation on appraised value
21 provided by Section 23.231;

22 (5) determination that the owner's land does not
23 qualify for appraisal as provided by Subchapter C, D, E, or H,
24 Chapter 23;

25 (6) identification of the taxing units in which the
26 owner's property is taxable in the case of the appraisal district's
27 appraisal roll;

1 (7) determination that the property owner is the owner
2 of property;

3 (8) a determination that a change in use of land
4 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;
5 or

6 (9) any other action of the chief appraiser, appraisal
7 district, or appraisal review board that applies to and adversely
8 affects the property owner.

9 SECTION 4.08. Effective January 1, 2027, Section 41.41(a),
10 Tax Code, is amended to read as follows:

11 (a) A property owner is entitled to protest before the
12 appraisal review board the following actions:

13 (1) determination of the appraised value of the
14 owner's property or, in the case of land appraised as provided by
15 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
16 or market value;

17 (2) unequal appraisal of the owner's property;

18 (3) inclusion of the owner's property on the appraisal
19 records;

20 (4) denial to the property owner in whole or in part of
21 a partial exemption;

22 (5) determination that the owner's land does not
23 qualify for appraisal as provided by Subchapter C, D, E, or H,
24 Chapter 23;

25 (6) identification of the taxing units in which the
26 owner's property is taxable in the case of the appraisal district's
27 appraisal roll;

1 (7) determination that the property owner is the owner
2 of property;

3 (8) a determination that a change in use of land
4 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;
5 or

6 (9) any other action of the chief appraiser, appraisal
7 district, or appraisal review board that applies to and adversely
8 affects the property owner.

9 SECTION 4.09. Section 42.26(d), Tax Code, is amended to
10 read as follows:

11 (d) For purposes of this section, the value of the property
12 subject to the suit and the value of a comparable property or sample
13 property that is used for comparison must be the market value
14 determined by the appraisal district when the property is [~~a~~
15 ~~residence homestead~~] subject to the limitation on appraised value
16 imposed by Section 23.23 or 23.231.

17 SECTION 4.10. Effective January 1, 2027, Section 42.26(d),
18 Tax Code, is amended to read as follows:

19 (d) For purposes of this section, the value of the property
20 subject to the suit and the value of a comparable property or sample
21 property that is used for comparison must be the market value
22 determined by the appraisal district when the property is a
23 residence homestead subject to the limitation on appraised value
24 imposed by Section 23.23.

25 SECTION 4.11. Sections 403.302(d) and (i), Government Code,
26 are amended to read as follows:

27 (d) For the purposes of this section, "taxable value" means

1 the market value of all taxable property less:

2 (1) the total dollar amount of any residence homestead
3 exemptions lawfully granted under Section 11.13(b) or (c), Tax
4 Code, in the year that is the subject of the study for each school
5 district;

6 (2) one-half of the total dollar amount of any
7 residence homestead exemptions granted under Section 11.13(n), Tax
8 Code, in the year that is the subject of the study for each school
9 district;

10 (3) the total dollar amount of any exemptions granted
11 before May 31, 1993, within a reinvestment zone under agreements
12 authorized by Chapter 312, Tax Code;

13 (4) subject to Subsection (e), the total dollar amount
14 of any captured appraised value of property that:

15 (A) is within a reinvestment zone created on or
16 before May 31, 1999, or is proposed to be included within the
17 boundaries of a reinvestment zone as the boundaries of the zone and
18 the proposed portion of tax increment paid into the tax increment
19 fund by a school district are described in a written notification
20 provided by the municipality or the board of directors of the zone
21 to the governing bodies of the other taxing units in the manner
22 provided by former Section 311.003(e), Tax Code, before May 31,
23 1999, and within the boundaries of the zone as those boundaries
24 existed on September 1, 1999, including subsequent improvements to
25 the property regardless of when made;

26 (B) generates taxes paid into a tax increment
27 fund created under Chapter 311, Tax Code, under a reinvestment zone

1 financing plan approved under Section 311.011(d), Tax Code, on or
2 before September 1, 1999; and

3 (C) is eligible for tax increment financing under
4 Chapter 311, Tax Code;

5 (5) the total dollar amount of any captured appraised
6 value of property that:

7 (A) is within a reinvestment zone:

8 (i) created on or before December 31, 2008,
9 by a municipality with a population of less than 18,000; and

10 (ii) the project plan for which includes
11 the alteration, remodeling, repair, or reconstruction of a
12 structure that is included on the National Register of Historic
13 Places and requires that a portion of the tax increment of the zone
14 be used for the improvement or construction of related facilities
15 or for affordable housing;

16 (B) generates school district taxes that are paid
17 into a tax increment fund created under Chapter 311, Tax Code; and

18 (C) is eligible for tax increment financing under
19 Chapter 311, Tax Code;

20 (6) the total dollar amount of any exemptions granted
21 under Section 11.251 or 11.253, Tax Code;

22 (7) the difference between the comptroller's estimate
23 of the market value and the productivity value of land that
24 qualifies for appraisal on the basis of its productive capacity,
25 except that the productivity value estimated by the comptroller may
26 not exceed the fair market value of the land;

27 (8) the portion of the appraised value of residence

1 homesteads of individuals who receive a tax limitation under
2 Section 11.26, Tax Code, on which school district taxes are not
3 imposed in the year that is the subject of the study, calculated as
4 if the residence homesteads were appraised at the full value
5 required by law;

6 (9) a portion of the market value of property not
7 otherwise fully taxable by the district at market value because of
8 action required by statute or the constitution of this state, other
9 than Section 11.311, Tax Code, that, if the tax rate adopted by the
10 district is applied to it, produces an amount equal to the
11 difference between the tax that the district would have imposed on
12 the property if the property were fully taxable at market value and
13 the tax that the district is actually authorized to impose on the
14 property, if this subsection does not otherwise require that
15 portion to be deducted;

16 (10) the market value of all tangible personal
17 property, other than manufactured homes, owned by a family or
18 individual and not held or used for the production of income;

19 (11) the appraised value of property the collection of
20 delinquent taxes on which is deferred under Section 33.06, Tax
21 Code;

22 (12) the portion of the appraised value of property
23 the collection of delinquent taxes on which is deferred under
24 Section 33.065, Tax Code;

25 (13) the amount by which the market value of property
26 [~~a residence homestead~~] to which Section 23.23 or 23.231, Tax Code,
27 applies exceeds the appraised value of that property as calculated

1 under Section 23.23 or 23.231, Tax Code, as applicable [~~that~~
2 ~~section~~]; and

3 (14) the total dollar amount of any exemptions granted
4 under Section 11.35, Tax Code.

5 (i) If the comptroller determines in the study that the
6 market value of property in a school district as determined by the
7 appraisal district that appraises property for the school district,
8 less the total of the amounts and values listed in Subsection (d) as
9 determined by that appraisal district, is valid, the comptroller,
10 in determining the taxable value of property in the school district
11 under Subsection (d), shall for purposes of Subsection (d)(13)
12 subtract from the market value as determined by the appraisal
13 district of properties [~~residence homesteads~~] to which Section
14 23.23 or 23.231, Tax Code, applies the amount by which that amount
15 exceeds the appraised value of those properties as calculated by
16 the appraisal district under Section 23.23 or 23.231, Tax Code, as
17 applicable. If the comptroller determines in the study that the
18 market value of property in a school district as determined by the
19 appraisal district that appraises property for the school district,
20 less the total of the amounts and values listed in Subsection (d) as
21 determined by that appraisal district, is not valid, the
22 comptroller, in determining the taxable value of property in the
23 school district under Subsection (d), shall for purposes of
24 Subsection (d)(13) subtract from the market value as estimated by
25 the comptroller of properties [~~residence homesteads~~] to which
26 Section 23.23 or 23.231, Tax Code, applies the amount by which that
27 amount exceeds the appraised value of those properties as

1 calculated by the appraisal district under Section [23.23](#) or [23.231](#),
2 Tax Code, as applicable.

3 SECTION 4.12. Effective January 1, 2027, Sections
4 [403.302](#)(d) and (i), Government Code, are amended to read as
5 follows:

6 (d) For the purposes of this section, "taxable value" means
7 the market value of all taxable property less:

8 (1) the total dollar amount of any residence homestead
9 exemptions lawfully granted under Section [11.13](#)(b) or (c), Tax
10 Code, in the year that is the subject of the study for each school
11 district;

12 (2) one-half of the total dollar amount of any
13 residence homestead exemptions granted under Section [11.13](#)(n), Tax
14 Code, in the year that is the subject of the study for each school
15 district;

16 (3) the total dollar amount of any exemptions granted
17 before May 31, 1993, within a reinvestment zone under agreements
18 authorized by Chapter [312](#), Tax Code;

19 (4) subject to Subsection (e), the total dollar amount
20 of any captured appraised value of property that:

21 (A) is within a reinvestment zone created on or
22 before May 31, 1999, or is proposed to be included within the
23 boundaries of a reinvestment zone as the boundaries of the zone and
24 the proposed portion of tax increment paid into the tax increment
25 fund by a school district are described in a written notification
26 provided by the municipality or the board of directors of the zone
27 to the governing bodies of the other taxing units in the manner

1 provided by former Section 311.003(e), Tax Code, before May 31,
2 1999, and within the boundaries of the zone as those boundaries
3 existed on September 1, 1999, including subsequent improvements to
4 the property regardless of when made;

5 (B) generates taxes paid into a tax increment
6 fund created under Chapter 311, Tax Code, under a reinvestment zone
7 financing plan approved under Section 311.011(d), Tax Code, on or
8 before September 1, 1999; and

9 (C) is eligible for tax increment financing under
10 Chapter 311, Tax Code;

11 (5) the total dollar amount of any captured appraised
12 value of property that:

13 (A) is within a reinvestment zone:

14 (i) created on or before December 31, 2008,
15 by a municipality with a population of less than 18,000; and

16 (ii) the project plan for which includes
17 the alteration, remodeling, repair, or reconstruction of a
18 structure that is included on the National Register of Historic
19 Places and requires that a portion of the tax increment of the zone
20 be used for the improvement or construction of related facilities
21 or for affordable housing;

22 (B) generates school district taxes that are paid
23 into a tax increment fund created under Chapter 311, Tax Code; and

24 (C) is eligible for tax increment financing under
25 Chapter 311, Tax Code;

26 (6) the total dollar amount of any exemptions granted
27 under Section 11.251 or 11.253, Tax Code;

1 (7) the difference between the comptroller's estimate
2 of the market value and the productivity value of land that
3 qualifies for appraisal on the basis of its productive capacity,
4 except that the productivity value estimated by the comptroller may
5 not exceed the fair market value of the land;

6 (8) the portion of the appraised value of residence
7 homesteads of individuals who receive a tax limitation under
8 Section 11.26, Tax Code, on which school district taxes are not
9 imposed in the year that is the subject of the study, calculated as
10 if the residence homesteads were appraised at the full value
11 required by law;

12 (9) a portion of the market value of property not
13 otherwise fully taxable by the district at market value because of
14 action required by statute or the constitution of this state, other
15 than Section 11.311, Tax Code, that, if the tax rate adopted by the
16 district is applied to it, produces an amount equal to the
17 difference between the tax that the district would have imposed on
18 the property if the property were fully taxable at market value and
19 the tax that the district is actually authorized to impose on the
20 property, if this subsection does not otherwise require that
21 portion to be deducted;

22 (10) the market value of all tangible personal
23 property, other than manufactured homes, owned by a family or
24 individual and not held or used for the production of income;

25 (11) the appraised value of property the collection of
26 delinquent taxes on which is deferred under Section 33.06, Tax
27 Code;

1 (12) the portion of the appraised value of property
2 the collection of delinquent taxes on which is deferred under
3 Section 33.065, Tax Code;

4 (13) the amount by which the market value of a
5 residence homestead to which Section 23.23, Tax Code, applies
6 exceeds the appraised value of that property as calculated under
7 that section; and

8 (14) the total dollar amount of any exemptions granted
9 under Section 11.35, Tax Code.

10 (i) If the comptroller determines in the study that the
11 market value of property in a school district as determined by the
12 appraisal district that appraises property for the school district,
13 less the total of the amounts and values listed in Subsection (d) as
14 determined by that appraisal district, is valid, the comptroller,
15 in determining the taxable value of property in the school district
16 under Subsection (d), shall for purposes of Subsection (d)(13)
17 subtract from the market value as determined by the appraisal
18 district of residence homesteads to which Section 23.23, Tax Code,
19 applies the amount by which that amount exceeds the appraised value
20 of those properties as calculated by the appraisal district under
21 Section 23.23, Tax Code. If the comptroller determines in the
22 study that the market value of property in a school district as
23 determined by the appraisal district that appraises property for
24 the school district, less the total of the amounts and values listed
25 in Subsection (d) as determined by that appraisal district, is not
26 valid, the comptroller, in determining the taxable value of
27 property in the school district under Subsection (d), shall for

1 purposes of Subsection (d)(13) subtract from the market value as
2 estimated by the comptroller of residence homesteads to which
3 Section 23.23, Tax Code, applies the amount by which that amount
4 exceeds the appraised value of those properties as calculated by
5 the appraisal district under Section 23.23, Tax Code.

6 SECTION 4.13. Section 23.231, Tax Code, as added by this
7 article, applies only to the appraisal of real property other than a
8 residence homestead for ad valorem tax purposes for a tax year that
9 begins on or after the effective date of this article.

10 ARTICLE 5. BOARDS OF DIRECTORS OF APPRAISAL DISTRICTS

11 SECTION 5.01. The heading to Section 6.03, Tax Code, is
12 amended to read as follows:

13 Sec. 6.03. BOARD OF DIRECTORS IN LESS POPULOUS COUNTIES.

14 SECTION 5.02. Section 6.03, Tax Code, is amended by
15 amending Subsection (a) and adding Subsection (a-1) to read as
16 follows:

17 (a) This section applies only to an appraisal district
18 established in a county with a population of less than 75,000.

19 (a-1) The appraisal district is governed by a board of
20 directors. Five directors are appointed by the taxing units that
21 participate in the district as provided by this section. If the
22 county assessor-collector is not appointed to the board, the county
23 assessor-collector serves as a nonvoting director. The county
24 assessor-collector is ineligible to serve if the board enters into
25 a contract under Section 6.05(b) or if the commissioners court of
26 the county enters into a contract under Section 6.24(b). To be
27 eligible to serve on the board of directors, an individual other

1 than a county assessor-collector serving as a nonvoting director
2 must be a resident of the district and must have resided in the
3 district for at least two years immediately preceding the date the
4 individual takes office. An individual who is otherwise eligible
5 to serve on the board is not ineligible because of membership on the
6 governing body of a taxing unit. An employee of a taxing unit that
7 participates in the district is not eligible to serve on the board
8 unless the individual is also a member of the governing body or an
9 elected official of a taxing unit that participates in the
10 district.

11 SECTION 5.03. Subchapter A, Chapter 6, Tax Code, is amended
12 by adding Section 6.0301 to read as follows:

13 Sec. 6.0301. BOARD OF DIRECTORS IN POPULOUS COUNTIES. (a)
14 This section applies only to an appraisal district established in a
15 county with a population of 75,000 or more.

16 (b) Sections 6.031, 6.034, and 6.10 do not apply to an
17 appraisal district to which this section applies.

18 (c) The appraisal district is governed by a board of nine
19 directors. Five directors are appointed by the taxing units that
20 participate in the district in the manner prescribed by Section
21 6.03. Three directors are elected by majority vote at the general
22 election for state and county officers by the voters of the county
23 in which the district is established. The county assessor-collector
24 serves as an ex officio director.

25 (d) To be eligible to serve on the board of directors, an
26 individual other than the county assessor-collector must be a
27 resident of the district and must have resided in the district for

1 at least two years immediately preceding the date the individual
2 takes office. An individual who is otherwise eligible to serve on
3 the board is not ineligible because of membership on the governing
4 body of a taxing unit. An employee of a taxing unit that
5 participates in the district is not eligible to serve on the board
6 unless the individual is also a member of the governing body or an
7 elected official of a taxing unit that participates in the
8 district.

9 (e) Members of the board of directors appointed by the
10 taxing units participating in the district serve staggered
11 four-year terms beginning on January 1 of every other even-numbered
12 year. Elected members of the board of directors serve staggered
13 four-year terms beginning on January 1 of every other odd-numbered
14 year.

15 (f) If a vacancy occurs in an appointive position on the
16 board of directors, each taxing unit that is entitled to vote under
17 Section 6.03 may nominate by resolution adopted by its governing
18 body a candidate to fill the vacancy. The taxing unit shall submit
19 the name of its nominee to the chief appraiser within 45 days after
20 notification from the board of directors of the existence of the
21 vacancy, and the chief appraiser shall prepare and deliver to the
22 board of directors within the next five days a list of the nominees.
23 The board of directors shall appoint by majority vote of its members
24 one of the nominees to fill the vacancy.

25 (g) If a vacancy occurs in an elective position on the board
26 of directors, the board of directors shall appoint by majority vote
27 of its members a person to fill the vacancy. A person appointed to

1 fill a vacancy in an elective position must have the qualifications
2 required of a director elected at a general election.

3 SECTION 5.04. Subchapter A, Chapter 6, Tax Code, is amended
4 by adding Section 6.032 to read as follows:

5 Sec. 6.032. BALLOT PROCEDURES FOR ELECTED DIRECTORS; FILING
6 FEE. (a) Except as provided by this section, Chapter 144, Election
7 Code, applies to a candidate for an elective position on an
8 appraisal district board of directors.

9 (b) An application for a place on the ballot must be filed
10 with the county judge of the county in which the appraisal district
11 is established and be accompanied by a filing fee of:

12 (1) \$400 for a county with a population of 200,000 or
13 more; or

14 (2) \$200 for a county with a population of less than
15 200,000.

16 (c) A filing fee received under this section shall be
17 deposited in the county treasury to the credit of the county general
18 fund.

19 SECTION 5.05. The heading to Section 6.033, Tax Code, is
20 amended to read as follows:

21 Sec. 6.033. RECALL OF APPOINTED DIRECTOR.

22 SECTION 5.06. Section 6.033(a), Tax Code, is amended to
23 read as follows:

24 (a) The governing body of a taxing unit may call for the
25 recall of an appointed [a] member of the board of directors of an
26 appraisal district [~~appointed under Section 6.03 of this code~~] for
27 whom the taxing unit cast any of its votes in the appointment of the

1 board. The call must be in the form of a resolution, be filed with
2 the chief appraiser of the appraisal district, and state that the
3 taxing unit is calling for the recall of the member. If a
4 resolution calling for the recall of a board member is filed under
5 this subsection, the chief appraiser, not later than the 10th day
6 after the date of filing, shall deliver a written notice of the
7 filing of the resolution and the date of its filing to the presiding
8 officer of the governing body of each taxing unit entitled to vote
9 in the appointment of board members.

10 SECTION 5.07. Section 6.036(a), Tax Code, is amended to
11 read as follows:

12 (a) An individual is not eligible to be a candidate for, to
13 be appointed to, or to serve on the board of directors of an
14 appraisal district if the individual or a business entity in which
15 the individual has a substantial interest is a party to a contract
16 with:

17 (1) the appraisal district; or

18 (2) a taxing unit that participates in the appraisal
19 district, if the contract relates to the performance of an activity
20 governed by this title.

21 SECTION 5.08. Section 6.052(f), Tax Code, as effective
22 January 1, 2024, is amended to read as follows:

23 (f) The taxpayer liaison officer is responsible for
24 providing clerical assistance to the applicable appointing
25 authority prescribed by Section 6.41(d) [~~local administrative~~
26 ~~district judge~~] in the selection of appraisal review board members
27 and for publicizing the availability of positions on the appraisal

1 review board. The officer shall deliver to the applicable
2 appointing authority [~~local administrative district judge~~] any
3 applications to serve on the board that are submitted to the officer
4 and shall perform other duties as requested by the applicable
5 appointing authority [~~local administrative district judge~~]. The
6 officer may not influence the process for selecting appraisal
7 review board members.

8 SECTION 5.09. Section 6.41, Tax Code, is amended by
9 amending Subsections (d), (d-1), (d-2), (d-3), (d-5), (d-9),
10 (d-10), (e), (g), (i), and (j) and adding Subsection (d-2-1) to read
11 as follows:

12 (d) Members of the board are appointed by the applicable
13 appointing authority. For an appraisal district to which Section
14 6.03 applies, the appointing authority is the local administrative
15 district judge under Subchapter D, Chapter 74, Government Code, in
16 the county in which the appraisal district is established. For an
17 appraisal district to which Section 6.0301 applies, the appointing
18 authority is the board of directors of the district. A vacancy on
19 the board is filled in the same manner for the unexpired portion of
20 the term.

21 (d-1) All applications submitted to the appraisal district
22 or to the appraisal review board from persons seeking appointment
23 as a member of the appraisal review board shall be delivered to the
24 applicable appointing authority [~~local administrative district~~
25 ~~judge~~]. The appraisal district may provide the appointing
26 authority [~~local administrative district judge~~] with information
27 regarding whether an applicant for appointment to or a member of the

1 board owes any delinquent ad valorem taxes to a taxing unit
2 participating in the appraisal district.

3 (d-2) A local administrative district judge acting as an
4 appointing authority may make appointments to the board directly or
5 may, by written order, appoint from three to five persons to perform
6 the duties of appraisal review board commissioner. If the local
7 administrative district judge chooses to appoint appraisal review
8 board commissioners, each commissioner shall possess the same
9 qualifications as those required of an appraisal review board
10 member.

11 (d-2-1) A board of directors acting as an appointing
12 authority must make appointments to the appraisal review board by
13 majority vote, with at least two members of the majority being
14 elected members of the board of directors.

15 (d-3) The applicable appointing authority [~~local~~
16 ~~administrative judge~~] shall cause the proper officer to notify
17 appointees to the board of their appointment, and when and where
18 they are to appear.

19 (d-5) The appraisal district of the county shall provide to
20 the applicable appointing authority [~~local administrative district~~
21 ~~judge~~], or to the appraisal review board commissioners, as the case
22 may be, the number of appraisal review board positions that require
23 appointment and shall provide whatever reasonable assistance is
24 requested by the applicable appointing authority [~~local~~
25 ~~administrative district judge~~] or the commissioners.

26 (d-9) In selecting individuals who are to serve as members
27 of the appraisal review board for an appraisal district described

1 by Subsection (b-2), the board of directors of the district [~~local~~
2 ~~administrative district judge~~] shall select an adequate number of
3 qualified individuals to permit the chairman of the appraisal
4 review board to fill the positions on each special panel
5 established under Section 6.425.

6 (d-10) Upon selection of the individuals who are to serve as
7 members of the appraisal review board, the applicable appointing
8 authority [~~local administrative district judge~~] shall enter an
9 appropriate order designating such members and setting each
10 member's respective term of office, as provided elsewhere in this
11 section.

12 (e) Members of the board hold office for terms of two years
13 beginning January 1. The appraisal district board of directors by
14 resolution shall provide for staggered terms, so that the terms of
15 as close to one-half of the members as possible expire each
16 year. In making the initial or subsequent appointments, the
17 applicable appointing authority, or the local administrative
18 district [~~judge or the~~] judge's designee if the appointing
19 authority is the judge, shall designate those members who serve
20 terms of one year as needed to comply with this subsection.

21 (g) Subsection (a) does not preclude the boards of directors
22 of two or more adjoining appraisal districts from providing for the
23 operation of a consolidated appraisal review board by interlocal
24 contract. Members of a consolidated appraisal review board are
25 appointed jointly by the applicable appointing authorities [~~local~~
26 ~~administrative district judges~~] in the counties in which the
27 appraisal districts that are parties to the contract are

1 established.

2 (i) A chief appraiser or another employee or agent of the
3 appraisal district, a member of the appraisal review board for the
4 appraisal district, a member of the board of directors of the
5 appraisal district if the board is established for a district to
6 which Section 6.03 applies, a property tax consultant, or an agent
7 of a property owner commits an offense if the person communicates
8 with the applicable appointing authority [~~local administrative~~
9 ~~district judge~~] regarding the appointment of appraisal review board
10 members. This subsection does not apply to:

11 (1) a communication between a member of the appraisal
12 review board and the applicable appointing authority [~~local~~
13 ~~administrative district judge~~] regarding the member's
14 reappointment to the board;

15 (2) a communication between the taxpayer liaison
16 officer for the appraisal district and the applicable appointing
17 authority [~~local administrative district judge~~] in the course of
18 the performance of the officer's clerical duties so long as the
19 officer does not offer an opinion or comment regarding the
20 appointment of appraisal review board members;

21 (3) a communication between a chief appraiser or
22 another employee or agent of the appraisal district, a member of the
23 appraisal review board for the appraisal district, or a member of
24 the board of directors of the appraisal district if the board is
25 established for a district to which Section 6.03 applies and the
26 applicable appointing authority [~~local administrative district~~
27 ~~judge~~] regarding information relating to or described by Subsection

1 (d-1), (d-5), or (f) of this section or Section 411.1296,
2 Government Code;

3 (4) a communication between a property tax consultant
4 or a property owner or an agent of the property owner and the
5 taxpayer liaison officer for the appraisal district regarding
6 information relating to or described by Subsection (f). The
7 taxpayer liaison officer for the appraisal district shall report
8 the contents of the communication relating to or described by
9 Subsection (f) to the applicable appointing authority [~~local~~
10 ~~administrative district judge~~]; or

11 (5) a communication between a property tax consultant
12 or a property owner or an agent of the property owner and the
13 applicable appointing authority [~~local administrative district~~
14 ~~judge~~] regarding information relating to or described by Subsection
15 (f).

16 (j) A chief appraiser or another employee or agent of an
17 appraisal district commits an offense if the person communicates
18 with a member of the appraisal review board for the appraisal
19 district, a member of the board of directors of the appraisal
20 district, or the local administrative district judge, if the judge
21 is the appointing authority for the district, regarding a ranking,
22 scoring, or reporting of the percentage by which the appraisal
23 review board or a panel of the board reduces the appraised value of
24 property.

25 SECTION 5.10. Section 6.41(f), Tax Code, as amended by
26 Chapters 354 (H.B. 2941) and 533 (S.B. 63), Acts of the 87th
27 Legislature, Regular Session, 2021, is reenacted and amended to

1 read as follows:

2 (f) A member of the appraisal review board may be removed
3 from the board by the applicable appointing authority, or the local
4 administrative district [~~judge or the~~] judge's designee if the
5 appointing authority is the judge. Not later than the 90th day after
6 the date the board of directors, local administrative district
7 judge, or judge's designee that appointed a member of the appraisal
8 review board learns of a potential ground for removal of the member,
9 the board of directors, local administrative district judge, or
10 judge's designee, as applicable, shall remove the member or find by
11 official action that the member's removal is not warranted.
12 Grounds for removal are:

13 (1) a violation of Section 6.412, 6.413, 41.66(f), or
14 41.69;

15 (2) good cause relating to the attendance of members
16 at called meetings of the board as established by written policy
17 adopted by a majority of the appraisal district board of directors;
18 or

19 (3) evidence of repeated bias or misconduct.

20 SECTION 5.11. Section 6.42(a), Tax Code, is amended to read
21 as follows:

22 (a) A majority of the appraisal review board constitutes a
23 quorum. The applicable appointing authority prescribed by Section
24 6.41(d) [~~local administrative district judge under Subchapter D,~~
25 ~~Chapter 74, Government Code,~~] in the county in which the appraisal
26 district is established shall select a chairman and a secretary
27 from among the members of the appraisal review board. The

1 applicable appointing authority [~~judge~~] is encouraged to select as
2 chairman a member of the appraisal review board, if any, who has a
3 background in law and property appraisal.

4 SECTION 5.12. Section 6.425(e), Tax Code, is amended to
5 read as follows:

6 (e) Notwithstanding Subsection (d), the chairman of the
7 appraisal review board may appoint to a special panel described by
8 this section a member of the appraisal review board who does not
9 meet the qualifications prescribed by that subsection if:

10 (1) the number of persons appointed to the board [~~by~~
11 ~~the local administrative district judge~~] who meet those
12 qualifications is not sufficient to fill the positions on each
13 special panel; and

14 (2) the board member being appointed to the panel
15 holds a bachelor's degree in any field.

16 SECTION 5.13. (a) Appraisal district directors shall be
17 elected to the elective positions as provided by Section 6.0301,
18 Tax Code, as added by this article, beginning with the election
19 conducted on the uniform election date in May 2024. The directors
20 then elected take office on July 1, 2024, and serve a term that
21 expires on December 31, 2026.

22 (b) Following the election of the initial elected directors
23 of an appraisal district as provided by Subsection (a) of this
24 section, directors shall be elected as provided by Section 6.0301,
25 Tax Code, as added by this article, beginning with the general
26 election conducted in November 2026. Directors then elected take
27 office January 1, 2027.

1 (c) At the first meeting of the board of directors of an
2 appraisal district described by Section 6.0301, Tax Code, as added
3 by this article, that follows the November 2026 general election of
4 directors under that section, the three elected directors shall
5 draw lots to determine which director shall serve a term of two
6 years and which two directors shall serve a term of four years.
7 Thereafter, all elected directors serve four-year terms.

8 (d) The term of an appraisal district director serving on
9 December 31, 2024, on the board of directors of an appraisal
10 district described by Section 6.0301, Tax Code, as added by this
11 article, expires on January 1, 2025. Not later than December 31,
12 2024, the taxing units participating in the appraisal district that
13 are entitled to appoint directors shall appoint five directors to
14 serve terms that begin on January 1, 2025. Two directors shall be
15 appointed to serve a term of one year, and three directors shall be
16 appointed to serve a term of three years. Thereafter, all appointed
17 directors serve four-year terms.

18 ARTICLE 6. TRANSITIONAL TAX YEAR PROVISIONS

19 SECTION 6.01. Subchapter F, Chapter 48, Education Code, is
20 amended by adding Section 48.25551 to read as follows:

21 Sec. 48.25551. INFORMATION REGARDING MAXIMUM COMPRESSED
22 TAX RATE FOR 2023-2024 SCHOOL YEAR. (a) As soon as practicable
23 after the effective date of S.B. 2, Acts of the 88th Legislature,
24 2nd Called Session, 2023, the agency shall:

25 (1) calculate and make available each school
26 district's maximum compressed tax rate as determined under Section
27 48.2555, as added by that Act; and

1 (2) make available the information necessary to
2 calculate the amounts provided by Section 26.09(a-1), Tax Code.

3 (b) For purposes of Section 48.2556, the maximum compressed
4 tax rates calculated under this section are preliminary rates for
5 the 2023 tax year.

6 (c) This section expires September 1, 2024.

7 SECTION 6.02. Section 25.23, Tax Code, is amended by adding
8 Subsection (a-1) to read as follows:

9 (a-1) This subsection applies only to the appraisal records
10 for the 2023 tax year. The chief appraiser shall prepare
11 supplemental appraisal records to account for the changes in law
12 made by S.B. 2, Acts of the 88th Legislature, 2nd Called Session,
13 2023. This subsection expires December 31, 2024.

14 SECTION 6.03. Section 26.04, Tax Code, is amended by adding
15 Subsections (a-1) and (c-1) to read as follows:

16 (a-1) On receipt of the appraisal roll for the 2023 tax
17 year, the assessor for a taxing unit shall determine the total
18 taxable value of property taxable by the taxing unit and the taxable
19 value of new property as if the changes in law made by S.B. 2, Acts
20 of the 88th Legislature, 2nd Called Session, 2023, were in effect
21 for that tax year. This subsection expires December 31, 2024.

22 (c-1) An officer or employee designated by the governing
23 body of a taxing unit shall calculate the no-new-revenue tax rate
24 and the voter-approval tax rate of the taxing unit for the 2023 tax
25 year as if the changes in law made by S.B. 2, Acts of the 88th
26 Legislature, 2nd Called Session, 2023, were in effect for that tax
27 year. This subsection expires December 31, 2024.

1 SECTION 6.04. Chapter 26, Tax Code, is amended by adding
2 Section 26.0401 to read as follows:

3 Sec. 26.0401. CALCULATION OF CERTAIN TAX RATES FOR 2023 TAX
4 YEAR. (a) For the purposes of calculating the no-new-revenue tax
5 rate, the voter-approval tax rate, and any related tax rate for the
6 2023 tax year, a taxing unit that calculates those rates under a
7 provision of law other than Section 26.04 or 26.08 shall calculate
8 those rates as if the changes in law made by S.B. 2, Acts of the 88th
9 Legislature, 2nd Called Session, 2023, were in effect for that tax
10 year.

11 (b) This section expires December 31, 2024.

12 SECTION 6.05. Section 26.08, Tax Code, is amended by adding
13 Subsection (q) to read as follows:

14 (q) For purposes of this section, the voter-approval tax
15 rate of a school district for the 2023 tax year shall be calculated
16 as if the changes in law made by S.B. 2, Acts of the 88th
17 Legislature, 2nd Called Session, 2023, were in effect for that tax
18 year. This subsection expires December 31, 2024.

19 SECTION 6.06. Section 26.09, Tax Code, is amended by adding
20 Subsections (a-1), (a-2), and (c-1) to read as follows:

21 (a-1) The assessor for a school district shall calculate the
22 amount of tax imposed by the district on property for the 2023 tax
23 year based on:

24 (1) the tax rate adopted by the governing body of the
25 district under Section 26.05; and

26 (2) the tax rate described by Subdivision (1), less:

27 (A) \$0.107; or

1 (B) if the district is subject to Section
2 48.2555(b), Education Code, as added by S.B. 2, Acts of the 88th
3 Legislature, 2nd Called Session, 2023, the amount of the tax
4 reduction received by the district determined by the commissioner
5 under that section.

6 (a-2) This subsection and Subsection (a-1) expire December
7 31, 2023.

8 (c-1) The assessor for a taxing unit shall calculate the
9 amount of tax imposed by the taxing unit on property for the 2023
10 tax year as if the changes in law made by S.B. 2, Acts of the 88th
11 Legislature, 2nd Called Session, 2023, were in effect for that tax
12 year and also as if the changes in law made by that Act were not in
13 effect for that tax year. This subsection expires December 31,
14 2024.

15 SECTION 6.07. Section 26.15, Tax Code, is amended by adding
16 Subsection (h) to read as follows:

17 (h) The assessor for a taxing unit shall correct the tax
18 roll for the taxing unit for the 2023 tax year to reflect the
19 results of the election to approve the constitutional amendment
20 proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023.
21 This subsection expires December 31, 2024.

22 SECTION 6.08. Section 31.01, Tax Code, is amended by adding
23 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

24 (d-2) This subsection and Subsections (d-3) and (d-4) apply
25 only to taxes imposed by a taxing unit on property for the 2023 tax
26 year and only if the changes in law made by S.B. 2, Acts of the 88th
27 Legislature, 2nd Called Session, 2023, would lower the taxes

1 imposed by the taxing unit on the property for that tax year. The
2 assessor for the taxing unit shall compute the amount of taxes
3 imposed and the other information required by this section as if the
4 changes in law made by S.B. 2, Acts of the 88th Legislature, 2nd
5 Called Session, 2023, were in effect for that tax year. The tax
6 bill or the separate statement must indicate that the bill is a
7 provisional tax bill and include a statement in substantially the
8 following form:

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

1 Acts of the 88th Legislature, 2nd Called Session, 2023, were not in
2 effect for that tax year and amount of tax bill if that Act were in
3 effect for that tax year) will be mailed to you."

4 (d-3) A tax bill prepared by the assessor for a taxing unit
5 as provided by Subsection (d-2) and mailed as provided by
6 Subsection (a) is considered to be a provisional tax bill until the
7 canvass of the votes on the constitutional amendment proposed by
8 H.J.R. 2, 88th Legislature, 2nd Called Session, 2023. If the
9 constitutional amendment is approved by the voters, the tax bill is
10 considered to be a final tax bill for the taxes imposed on the
11 property for the 2023 tax year, and no additional tax bill is
12 required to be mailed unless another provision of this title
13 requires the mailing of a corrected tax bill. If the constitutional
14 amendment is not approved by the voters:

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

19 (2) the amount of taxes imposed by each taxing unit on
20 property for the 2023 tax year is calculated as if the changes in
21 law made by S.B. 2, Acts of the 88th Legislature, 2nd Called
22 Session, 2023, were not in effect for that tax year; and

23 (3) except as provided by Subsections (f), (i-1), and
24 (k), the assessor for each taxing unit shall prepare and mail a
25 supplemental tax bill, by December 1 or as soon thereafter as
26 practicable, in an amount equal to the difference between the
27 amount of the tax bill if the changes in law made by S.B. 2, Acts of

1 the 88th Legislature, 2nd Called Session, 2023, were not in effect
2 for that tax year and the amount of the tax bill if that Act were in
3 effect for that tax year.

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

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

9 SECTION 6.09. Section 31.02, Tax Code, is amended by adding
10 Subsection (a-1) to read as follows:

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

17 ARTICLE 7. CONTINGENT ON PASSAGE OF FRANCHISE TAX REFORM
18 LEGISLATION

19 SECTION 7.01. This Act takes effect only if S.B. 3 or
20 similar legislation of the 88th Legislature, 2nd Called Session,
21 2023, relating to the amount of the total revenue exemption for the
22 franchise tax and the exclusion of certain taxable entities from
23 the requirement to file a franchise tax report becomes law in a
24 manner described by Section 2001.006(a)(2), Government Code. If
25 legislation described by this section does not become law in a
26 manner described by Section 2001.006(a)(2), Government Code, this
27 Act has no effect.

ARTICLE 8. EFFECTIVE DATES

SECTION 8.01. Except as provided by Article 7 of this Act, this Act takes effect as provided by this article.

SECTION 8.02. Except as otherwise provided by this article, this Act takes effect on the 91st day after the last day of the legislative session.

SECTION 8.03. Article 2 of this Act takes effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, is approved by the voters. If that amendment is not approved by the voters, Article 2 of this Act has no effect.

SECTION 8.04. (a) Except as provided by Subsection (b) of this section or as otherwise provided by Article 3 of this Act:

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

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

(b) Sections 49.004(a-1), (b-1), and (c-1), 49.0042, 49.0121, 49.154(a-2) and (a-3), and 49.308(a-1), Education Code, as added by Article 3 of this Act, take effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for those sections to have immediate effect, those sections take effect on the 91st day after the last day of the legislative session.

SECTION 8.05. Article 4 of this Act takes effect January 1,

1 2024, but only if the constitutional amendment proposed by
2 H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, is approved
3 by the voters. If that amendment is not approved by the voters,
4 Article 4 of this Act has no effect.

5 SECTION 8.06. (a) Article 5 of this Act takes effect as
6 provided by Subsections (b) and (c) of this section, but only if the
7 constitutional amendment proposed by H.J.R. 2, 88th Legislature,
8 2nd Called Session, 2023, is approved by the voters. If that
9 amendment is not approved by the voters, Article 5 of this Act has
10 no effect.

11 (b) Except as provided by Subsection (c) of this section,
12 Article 5 of this Act takes effect January 1, 2025.

13 (c) Sections 5.04 and 5.13 of this Act take effect on the
14 91st day after the last day of the legislative session.

15 SECTION 8.07. Article 6 of this Act takes effect
16 immediately if this Act receives a vote of two-thirds of all the
17 members elected to each house, as provided by Section 39, Article
18 III, Texas Constitution. If this Act does not receive the vote
19 necessary for that article to have immediate effect, Article 6 of
20 this Act takes effect on the 91st day after the last day of the
21 legislative session.