

By: Allison

H.B. No. 1566

A BILL TO BE ENTITLED

AN ACT

relating to the ad valorem taxation of residential real property.

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

SECTION 1. Section 1.12(d), Tax Code, is amended to read as follows:

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

SECTION 2. Section 11.13, Tax Code, is amended by amending Subsection (i) and adding Subsection (s) to read as follows:

(i) The assessor and collector for a taxing unit may disregard the exemptions authorized by Subsection (b), (c), (d), [~~or~~] (n), or (s) [~~of this section~~] and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

(1) prior to adoption of the exemption, the taxing unit pledged the taxes for the payment of a debt; and

(2) granting the exemption would impair the obligation of the contract creating the debt.

(s) In addition to any other exemptions provided by this

1 section, an individual who purchases property and qualifies the
2 property as the individual's residence homestead is entitled to an
3 exemption from taxation of the total appraised value of the
4 property for the first tax year the individual qualifies the
5 property as the individual's residence homestead if the property:

6 (1) is the first property the individual has ever
7 qualified as the individual's residence homestead; and

8 (2) has an appraised value of less than \$300,000 for
9 that first tax year.

10 SECTION 3. Subchapter B, Chapter 11, Tax Code, is amended by
11 adding Section 11.262 to read as follows:

12 Sec. 11.262. LIMITATION OF TAXES ON HOMESTEADS FOLLOWING
13 CERTAIN PERIOD. (a) In this section, "residence homestead" has the
14 meaning assigned by Section 11.13.

15 (b) The chief appraiser shall appraise, and the tax assessor
16 for each taxing unit shall calculate the taxes on, each residence
17 homestead in the manner provided by law for other property.

18 (c) Except as provided by Subsection (h), if an individual
19 qualifies property as the individual's residence homestead for at
20 least 25 consecutive tax years, a taxing unit may not impose taxes
21 on that residence homestead in a subsequent tax year in an amount
22 that exceeds the lesser of the following amounts:

23 (1) the amount of taxes calculated for the taxing unit
24 for the current tax year under Subsection (b); or

25 (2) the amount of taxes imposed by the taxing unit for
26 that 25th tax year.

27 (d) For purposes of this section, if the first tax year an

1 individual qualified property as the individual's residence
2 homestead was a tax year before the 2000 tax year, the individual is
3 considered to have qualified the property as the individual's
4 residence homestead for the first time in the 2000 tax year.

5 (e) If an individual who qualifies for a limitation under
6 this section dies, the surviving spouse of the individual is
7 entitled to continue receiving the limitation applicable to the
8 residence homestead of the individual if the property:

9 (1) is the residence homestead of the surviving spouse
10 on the date that the individual dies; and

11 (2) remains the residence homestead of the surviving
12 spouse.

13 (f) Except as provided by Subsection (e) or (g), a
14 limitation under this section expires on January 1 if the property
15 is not the residence homestead of the individual entitled to the
16 limitation for the preceding tax year.

17 (g) A limitation under this section does not expire if:

18 (1) an owner of an interest in the residence homestead
19 conveys the interest to a qualifying trust as defined by Section
20 11.13(j) and the owner or the owner's spouse is:

21 (A) a trustor of the trust; and

22 (B) entitled to occupy the property; or

23 (2) the owner of the structure qualifies for an
24 exemption under Section 11.13 under the circumstances described by
25 Section 11.135(a).

26 (h) Except as provided by Subsection (i), a taxing unit may
27 increase the tax on a residence homestead subject to a limitation

1 under this section in the first year the appraised value of the
2 property is increased as the result of an improvement made to the
3 property in the preceding tax year. The amount of the tax increase
4 is determined by applying the current tax rate of the taxing unit to
5 the difference in the taxable value of the property with the
6 improvement and the taxable value the property would have had
7 without the improvement. A limitation imposed by this section then
8 applies to the increased amount of tax until another improvement is
9 made to the property.

10 (i) An improvement to a residence homestead is not treated
11 as an improvement under Subsection (h) if the improvement is:

12 (1) a repair;

13 (2) required to be made to comply with a governmental
14 requirement; or

15 (3) subject to Subsection (j), a replacement structure
16 for a structure that was rendered uninhabitable or unusable by a
17 casualty or by wind or water damage.

18 (j) A replacement structure described by Subsection (i)(3)
19 is considered to be an improvement under Subsection (h) only if:

20 (1) the square footage of the replacement structure
21 exceeds the square footage of the replaced structure as the
22 replaced structure existed before the casualty or damage occurred;
23 or

24 (2) the exterior of the replacement structure is of
25 higher quality construction and composition than that of the
26 replaced structure.

27 (k) If the appraisal roll provides for taxation of appraised

1 value for a prior year because a limitation under this section was
2 erroneously allowed, the tax assessor for the taxing unit shall add
3 as back taxes due, as provided by Section 26.09(d), the positive
4 difference, if any, between the tax that should have been imposed
5 for that tax year and the tax that was imposed because of the
6 provisions of this section.

7 (1) For each school district in an appraisal district, the
8 chief appraiser shall determine the portion of the appraised value
9 of residence homesteads of individuals on which school district
10 taxes are not imposed in a tax year because of the limitation under
11 this section. That portion is calculated by determining the
12 taxable value that, if multiplied by the tax rate adopted by the
13 school district for the tax year, would produce an amount equal to
14 the amount of tax that would have been imposed by the school
15 district on those properties if the limitation under this section
16 were not in effect, but that was not imposed because of that
17 limitation. The chief appraiser shall determine that taxable value
18 and certify it to the comptroller as soon as practicable for each
19 tax year.

20 SECTION 4. Sections 23.19(b) and (g), Tax Code, are amended
21 to read as follows:

22 (b) If an appraisal district receives a written request for
23 the appraisal of real property and improvements of a cooperative
24 housing corporation according to the separate interests of the
25 corporation's stockholders, the chief appraiser shall separately
26 appraise the interests described by Subsection (d) if the
27 conditions required by Subsections (e) and (f) have been met.

1 Separate appraisal under this section is for the purposes of
2 administration of tax exemptions, determination of applicable
3 limitations of taxes under Section 11.26, [~~or~~] 11.261, or 11.262,
4 and apportionment by a cooperative housing corporation of property
5 taxes among its stockholders but is not the basis for determining
6 value on which a tax is imposed under this title. A stockholder
7 whose interest is separately appraised under this section may
8 protest and appeal the appraised value in the manner provided by
9 this title for protest and appeal of the appraised value of other
10 property.

11 (g) A tax bill or a separate statement accompanying the tax
12 bill to a cooperative housing corporation for which interests of
13 stockholders are separately appraised under this section must
14 state, in addition to the information required by Section 31.01,
15 the appraised value and taxable value of each interest separately
16 appraised. Each exemption claimed as provided by this title by a
17 person entitled to the exemption shall also be deducted from the
18 total appraised value of the property of the corporation. The total
19 tax imposed by a school district, county, municipality, or junior
20 college district shall be reduced by any amount that represents an
21 increase in taxes attributable to separately appraised interests of
22 the real property and improvements that are subject to the
23 limitation of taxes prescribed by Section 11.26, [~~or~~] 11.261, or
24 11.262. The corporation shall apportion among its stockholders
25 liability for reimbursing the corporation for property taxes
26 according to the relative taxable values of their interests.

27 SECTION 5. The heading to Section 23.23, Tax Code, is

1 amended to read as follows:

2 Sec. 23.23. LIMITATION ON APPRAISED VALUE OF RESIDENTIAL
3 REAL PROPERTY [~~RESIDENCE HOMESTEAD~~].

4 SECTION 6. Section 23.23, Tax Code, is amended by amending
5 Subsections (a), (b), (c), (e), and (f) and adding Subsections
6 (c-2), (c-3), and (c-4) to read as follows:

7 (a) Notwithstanding the requirements of Section 25.18 and
8 regardless of whether the appraisal office has appraised the
9 property and determined the market value of the property for the tax
10 year, an appraisal office may increase the appraised value of
11 residential real property [~~a residence homestead~~] for a tax year to
12 an amount not to exceed the lesser of:

13 (1) the market value of the property for the most
14 recent tax year that the market value was determined by the
15 appraisal office; or

16 (2) the sum of:

17 (A) five [~~10~~] percent of the appraised value of
18 the property for the preceding tax year;

19 (B) the appraised value of the property for the
20 preceding tax year; and

21 (C) the market value of all new improvements to
22 the property.

23 (b) When appraising residential real property [~~a residence~~
24 ~~homestead~~], the chief appraiser shall:

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

26 (2) include in the appraisal records both the market
27 value of the property and the amount computed under Subsection

1 (a)(2).

2 (c) The limitation provided by Subsection (a) takes effect
3 on January 1 of the tax year following the first tax year in which
4 the owner owns the property on January 1 [~~as to a residence~~
5 ~~homestead on January 1 of the tax year following the first tax year~~
6 ~~the owner qualifies the property for an exemption under Section~~
7 ~~11.13~~]. Except as provided by Subsection (c-2) or (c-3), the [The]
8 limitation expires on January 1 of the first tax year following the
9 year in which [~~that neither~~] the owner of the property ceases to own
10 the property.

11 (c-2) If property subject to a limitation under this section
12 qualifies for an exemption under Section 11.13 when the ownership
13 of the property is transferred to the owner's spouse or surviving
14 spouse, the limitation expires on January 1 of the first tax year
15 following the year in which [~~when the limitation took effect nor~~]
16 the owner's spouse or surviving spouse ceases to own the property,
17 unless the limitation is further continued under this subsection on
18 the subsequent transfer to a spouse or surviving spouse [~~qualifies~~
19 ~~for an exemption under Section 11.13~~].

20 (c-3) If property subject to a limitation under Subsection
21 (a), other than a residence homestead, is owned by two or more
22 persons, the limitation expires on January 1 of the first tax year
23 following the year in which the ownership of at least a 50 percent
24 interest in the property is sold or otherwise transferred.

25 (c-4) For purposes of applying the limitation provided by
26 this section, a person who acquired residential real property in a
27 tax year before the 2023 tax year, other than property that

1 qualified as the residence homestead of the person under Section
2 11.13 in the 2023 tax year, is considered to have acquired the
3 property on January 1, 2023.

4 (e) In this section:

5 (1) "New [~~,"new]~~ improvement" means an improvement to
6 real property [a residence homestead] made after the most recent
7 appraisal of the property that increases the market value of the
8 property and the value of which is not included in the appraised
9 value of the property for the preceding tax year. The term does not
10 include repairs to or ordinary maintenance of an existing structure
11 or the grounds or another feature of the property.

12 (2) "Residential real property":

13 (A) means real property that:

14 (i) qualifies for an exemption under
15 Section 11.13; or

16 (ii) is designed or adapted for residential
17 purposes, including the residential portion, not to exceed 20
18 acres, of farm or ranch property; and

19 (B) does not include real property on which a
20 hotel, motel, or similar structure is located that is designed to
21 provide temporary lodging or accommodations.

22 (f) Notwithstanding Subsections (a) and (e)(1) [~~(e)~~] and
23 except as provided by Subdivision (2) of this subsection, an
24 improvement to property that would otherwise constitute a new
25 improvement is not treated as a new improvement if the improvement
26 is a replacement structure for a structure that was rendered
27 uninhabitable or unusable by a casualty or by wind or water damage.

1 For purposes of appraising the property under Subsection (a) in the
2 tax year in which the structure would have constituted a new
3 improvement:

4 (1) the appraised value the property would have had in
5 the preceding tax year if the casualty or damage had not occurred is
6 considered to be the appraised value of the property for that year,
7 regardless of whether that appraised value exceeds the actual
8 appraised value of the property for that year as limited by
9 Subsection (a); and

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

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

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

18 SECTION 7. Sections 26.012(6), (13), and (14), Tax Code,
19 are amended to read as follows:

20 (6) "Current total value" means the total taxable
21 value of property listed on the appraisal roll for the current year,
22 including all appraisal roll supplements and corrections as of the
23 date of the calculation, less the taxable value of property
24 exempted for the current tax year for the first time under Section
25 11.31 or 11.315, except that:

26 (A) the current total value for a school district
27 excludes:

1 (i) the total value of homesteads that
2 qualify for a tax limitation as provided by Section 11.26; and

3 (ii) new property value of property that is
4 subject to an agreement entered into under Chapter 313; ~~and~~

5 (B) the current total value for a county,
6 municipality, or junior college district excludes the total value
7 of homesteads that qualify for a tax limitation provided by Section
8 11.261; and

9 (C) the current total value for a taxing unit
10 excludes the total value of homesteads that qualify for a tax
11 limitation as provided by Section 11.262.

12 (13) "Last year's levy" means the total of:

13 (A) the amount of taxes that would be generated
14 by multiplying the total tax rate adopted by the governing body in
15 the preceding year by the total taxable value of property on the
16 appraisal roll for the preceding year, including:

17 (i) taxable value that was reduced in an
18 appeal under Chapter 42;

19 (ii) all appraisal roll supplements and
20 corrections other than corrections made pursuant to Section
21 25.25(d), as of the date of the calculation, except that last year's
22 taxable value for a school district excludes the total value of
23 homesteads that qualified for a tax limitation as provided by
24 Section 11.26, ~~and~~ last year's taxable value for a county,
25 municipality, or junior college district excludes the total value
26 of homesteads that qualified for a tax limitation as provided by
27 Section 11.261, and last year's taxable value for a taxing unit

1 excludes the total value of homesteads that qualified for a tax
2 limitation as provided by Section 11.262; and

3 (iii) the portion of taxable value of
4 property that is the subject of an appeal under Chapter 42 on July
5 25 that is not in dispute; and

6 (B) the amount of taxes refunded by the taxing
7 unit in the preceding year for tax years before that year.

8 (14) "Last year's total value" means the total taxable
9 value of property listed on the appraisal roll for the preceding
10 year, including all appraisal roll supplements and corrections,
11 other than corrections made pursuant to Section 25.25(d), as of the
12 date of the calculation, except that:

13 (A) last year's taxable value for a school
14 district excludes the total value of homesteads that qualified for
15 a tax limitation as provided by Section 11.26; ~~and~~

16 (B) last year's taxable value for a county,
17 municipality, or junior college district excludes the total value
18 of homesteads that qualified for a tax limitation as provided by
19 Section 11.261; and

20 (C) last year's taxable value for a taxing unit
21 excludes the total value of homesteads that qualified for a tax
22 limitation as provided by Section 11.262.

23 SECTION 8. Section 42.26(d), Tax Code, is amended to read as
24 follows:

25 (d) For purposes of this section, the value of the property
26 subject to the suit and the value of a comparable property or sample
27 property that is used for comparison must be the market value

1 determined by the appraisal district when the property is [~~a~~
2 ~~residence-homestead~~] subject to the limitation on appraised value
3 imposed by Section 23.23.

4 SECTION 9. Section 44.004(c), Education Code, is amended to
5 read as follows:

6 (c) The notice of public meeting to discuss and adopt the
7 budget and the proposed tax rate may not be smaller than one-quarter
8 page of a standard-size or a tabloid-size newspaper, and the
9 headline on the notice must be in 18-point or larger type. Subject
10 to Subsection (d), the notice must:

11 (1) contain a statement in the following form:

12 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
13 "The (name of school district) will hold a public meeting at
14 (time, date, year) in (name of room, building, physical location,
15 city, state). The purpose of this meeting is to discuss the school
16 district's budget that will determine the tax rate that will be
17 adopted. Public participation in the discussion is invited." The
18 statement of the purpose of the meeting must be in bold type. In
19 reduced type, the notice must state: "The tax rate that is
20 ultimately adopted at this meeting or at a separate meeting at a
21 later date may not exceed the proposed rate shown below unless the
22 district publishes a revised notice containing the same information
23 and comparisons set out below and holds another public meeting to
24 discuss the revised notice." In addition, in reduced type, the
25 notice must state: "Visit Texas.gov/PropertyTaxes to find a link to
26 your local property tax database on which you can easily access
27 information regarding your property taxes, including information

1 about proposed tax rates and scheduled public hearings of each
2 entity that taxes your property.";

3 (2) contain a section entitled "Comparison of Proposed
4 Budget with Last Year's Budget," which must show the difference,
5 expressed as a percent increase or decrease, as applicable, in the
6 amounts budgeted for the preceding fiscal year and the amount
7 budgeted for the fiscal year that begins in the current tax year for
8 each of the following:

9 (A) maintenance and operations;

10 (B) debt service; and

11 (C) total expenditures;

12 (3) contain a section entitled "Total Appraised Value
13 and Total Taxable Value," which must show the total appraised value
14 and the total taxable value of all property and the total appraised
15 value and the total taxable value of new property taxable by the
16 district in the preceding tax year and the current tax year as
17 calculated under Section 26.04, Tax Code;

18 (4) contain a statement of the total amount of the
19 outstanding and unpaid bonded indebtedness of the school district;

20 (5) contain a section entitled "Comparison of Proposed
21 Rates with Last Year's Rates," which must:

22 (A) show in rows the tax rates described by
23 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
24 property, for columns entitled "Maintenance & Operations,"
25 "Interest & Sinking Fund," and "Total," which is the sum of
26 "Maintenance & Operations" and "Interest & Sinking Fund":

27 (i) the school district's "Last Year's

1 Rate";

2 (ii) the "Rate to Maintain Same Level of
3 Maintenance & Operations Revenue & Pay Debt Service," which:

4 (a) in the case of "Maintenance &
5 Operations," is the tax rate that, when applied to the current
6 taxable value for the district, as certified by the chief appraiser
7 under Section 26.01, Tax Code, and as adjusted to reflect changes
8 made by the chief appraiser as of the time the notice is prepared,
9 would impose taxes in an amount that, when added to state funds to
10 be distributed to the district under Chapter 48, would provide the
11 same amount of maintenance and operations taxes and state funds
12 distributed under Chapter 48 per student in average daily
13 attendance for the applicable school year that was available to the
14 district in the preceding school year; and

15 (b) in the case of "Interest & Sinking
16 Fund," is the tax rate that, when applied to the current taxable
17 value for the district, as certified by the chief appraiser under
18 Section 26.01, Tax Code, and as adjusted to reflect changes made by
19 the chief appraiser as of the time the notice is prepared, and when
20 multiplied by the district's anticipated collection rate, would
21 impose taxes in an amount that, when added to state funds to be
22 distributed to the district under Chapter 46 and any excess taxes
23 collected to service the district's debt during the preceding tax
24 year but not used for that purpose during that year, would provide
25 the amount required to service the district's debt; and

26 (iii) the "Proposed Rate";

27 (B) contain fourth and fifth columns aligned with

1 the columns required by Paragraph (A) that show, for each row
2 required by Paragraph (A):

3 (i) the "Local Revenue per Student," which
4 is computed by multiplying the district's total taxable value of
5 property, as certified by the chief appraiser for the applicable
6 school year under Section 26.01, Tax Code, and as adjusted to
7 reflect changes made by the chief appraiser as of the time the
8 notice is prepared, by the total tax rate, and dividing the product
9 by the number of students in average daily attendance in the
10 district for the applicable school year; and

11 (ii) the "State Revenue per Student," which
12 is computed by determining the amount of state aid received or to be
13 received by the district under Chapters 43, 46, and 48 and dividing
14 that amount by the number of students in average daily attendance in
15 the district for the applicable school year; and

16 (C) contain an asterisk after each calculation
17 for "Interest & Sinking Fund" and a footnote to the section that, in
18 reduced type, states "The Interest & Sinking Fund tax revenue is
19 used to pay for bonded indebtedness on construction, equipment, or
20 both. The bonds, and the tax rate necessary to pay those bonds,
21 were approved by the voters of this district.";

22 (6) contain a section entitled "Comparison of Proposed
23 Levy with Last Year's Levy on Average Residence," which must:

24 (A) show in rows the information described by
25 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
26 entitled "Last Year" and "This Year":

27 (i) "Average Market Value of Residences,"

1 determined using the same group of residences for each year;

2 (ii) "Average Taxable Value of Residences,"
3 determined after taking into account the limitation on the
4 appraised value of residences under Section 23.23, Tax Code, and
5 after subtracting all homestead exemptions applicable in each year,
6 other than exemptions available only to disabled persons or persons
7 65 years of age or older or their surviving spouses, and using the
8 same group of residences for each year;

9 (iii) "Last Year's Rate Versus Proposed
10 Rate per \$100 Value"; and

11 (iv) "Taxes Due on Average Residence,"
12 determined using the same group of residences for each year; and

13 (B) contain the following information: "Increase
14 (Decrease) in Taxes" expressed in dollars and cents, which is
15 computed by subtracting the "Taxes Due on Average Residence" for
16 the preceding tax year from the "Taxes Due on Average Residence" for
17 the current tax year;

18 (7) contain the following statement in bold print:
19 "Under state law, the dollar amount of school taxes imposed on the
20 residence of a person 65 years of age or older or of the surviving
21 spouse of such a person, if the surviving spouse was 55 years of age
22 or older when the person died, may not be increased above the amount
23 paid in the first year after the person turned 65, regardless of
24 changes in tax rate or property value.";

25 (8) contain the following statement in bold print:
26 "Notice of Voter-Approval Rate: The highest tax rate the district
27 can adopt before requiring voter approval at an election is (the

1 school district voter-approval rate determined under Section
2 26.08, Tax Code). This election will be automatically held if the
3 district adopts a rate in excess of the voter-approval rate of (the
4 school district voter-approval rate)."; ~~and~~

5 (9) contain a section entitled "Fund Balances," which
6 must include the estimated amount of interest and sinking fund
7 balances and the estimated amount of maintenance and operation or
8 general fund balances remaining at the end of the current fiscal
9 year that are not encumbered with or by corresponding debt
10 obligation, less estimated funds necessary for the operation of the
11 district before the receipt of the first payment under Chapter 48 in
12 the succeeding school year; and

13 (10) contain the following statement in bold print:
14 "Under state law, the dollar amount of school taxes imposed on a
15 residence homestead that qualifies as the owner's residence
16 homestead for at least 25 consecutive years may not be increased
17 above the amount of school taxes imposed on the property in that
18 25th consecutive year, regardless of changes in tax rate or
19 property value." ~~[-]~~

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

23 (a-2) Beginning with the 2024-2025 school year, in addition
24 to state aid a school district is entitled to under Subsection
25 (a-1), a school district is also entitled to additional state aid
26 under this subchapter to the extent that state and local revenue
27 used to service debt eligible under this chapter is less than the

1 state and local revenue that would have been available to the
2 district under this chapter as it existed on September 1, 2023, if
3 the exemption for an individual's first residence homestead under
4 Section 1-b(w), Article VIII, Texas Constitution, as proposed by
5 the 88th Legislature, Regular Session, 2023, had not been adopted.

6 (b-1) Subject to Subsections (c-1), (d), and (e),
7 additional state aid under this section beginning with the
8 2022-2023 school year is equal to the amount by which the loss of
9 local interest and sinking revenue for debt service attributable to
10 any increase in the residence homestead exemption under Section
11 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
12 Legislature, 3rd Called Session, 2021, and the residence homestead
13 exemption under Section 1-b(w), Article VIII, Texas Constitution,
14 as proposed by the 88th Legislature, Regular Session, 2023, is not
15 offset by a gain in state aid under this chapter.

16 (c-1) For the purpose of determining state aid under
17 Subsection [Subsections] (a-1) or (a-2) [and (b-1)], local interest
18 and sinking revenue for debt service is limited to revenue required
19 to service debt eligible under this chapter as of September 1, 2021,
20 or as of September 1, 2023, respectively, including refunding of
21 the applicable [that] debt, subject to Section 46.061. The
22 limitation imposed by Section 46.034(a) does not apply for the
23 purpose of determining state aid under Subsection (a-1) or (a-2)
24 [this section].

25 SECTION 11. Section 48.2543, Education Code, is amended by
26 adding Subsection (a-1) and amending Subsection (b) to read as
27 follows:

1 (a-1) Beginning with the 2024-2025 school year, in addition
2 to state aid a school district is entitled to under Subsection (a),
3 a school district is entitled to additional state aid to the extent
4 that state and local revenue under this chapter and Chapter 49 is
5 less than the state and local revenue that would have been available
6 to the district under this chapter and Chapter 49 as those chapters
7 existed on September 1, 2023, if the exemption for an individual's
8 first residence homestead under Section 1-b(w), Article VIII, Texas
9 Constitution, as proposed by the joint resolution to add that
10 subsection adopted by the 88th Legislature, Regular Session, 2023,
11 had not been adopted.

12 (b) The lesser of the school district's currently adopted
13 maintenance and operations tax rate or the adopted maintenance and
14 operations tax rate for:

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

17 (2) the 2023 tax year is used for the purpose of
18 determining additional state aid under Subsection (a-1).

19 SECTION 12. Sections 403.302(d), (d-1), and (i), Government
20 Code, are amended to read as follows:

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

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

27 (2) one-half of the total dollar amount of any

1 residence homestead exemptions granted under Section 11.13(n), Tax
2 Code, in the year that is the subject of the study for each school
3 district;

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

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

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

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

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

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

1 (A) is within a reinvestment zone:

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

4 (ii) the project plan for which includes
5 the alteration, remodeling, repair, or reconstruction of a
6 structure that is included on the National Register of Historic
7 Places and requires that a portion of the tax increment of the zone
8 be used for the improvement or construction of related facilities
9 or for affordable housing;

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

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

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

16 (7) the difference between the comptroller's estimate
17 of the market value and the productivity value of land that
18 qualifies for appraisal on the basis of its productive capacity,
19 except that the productivity value estimated by the comptroller may
20 not exceed the fair market value of the land;

21 (8) the portion of the appraised value of residence
22 homesteads of individuals who receive a tax limitation under
23 Section 11.26 or 11.262, Tax Code, on which school district taxes
24 are not imposed in the year that is the subject of the study,
25 calculated as if the residence homesteads were appraised at the
26 full value required by law;

27 (9) a portion of the market value of property not

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

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

13 (11) the appraised value of property the collection of
14 delinquent taxes on which is deferred under Section 33.06, Tax
15 Code;

16 (12) the portion of the appraised value of property
17 the collection of delinquent taxes on which is deferred under
18 Section 33.065, Tax Code;

19 (13) the amount by which the market value of real
20 property [~~a residence homestead~~] to which Section 23.23, Tax Code,
21 applies exceeds the appraised value of that property as calculated
22 under that section; and

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

25 (d-1) For purposes of Subsection (d), a residence homestead
26 that receives an exemption under Section 11.13(s), 11.131, 11.133,
27 or 11.134, Tax Code, in the year that is the subject of the study is

1 not considered to be taxable property.

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

26 SECTION 13. Section 23.23(c-1), Tax Code, is repealed.

27 SECTION 14. Section 11.13(s), Tax Code, as added by this

1 Act, applies only to the appraisal for ad valorem tax purposes of
2 residence homesteads for a tax year that begins on or after the
3 effective date of this Act.

4 SECTION 15. Section 11.262, Tax Code, as added by this Act,
5 applies only to ad valorem taxes imposed for a tax year that begins
6 on or after the effective date of this Act.

7 SECTION 16. Section 23.23, Tax Code, as amended by this Act,
8 applies only to the appraisal for ad valorem tax purposes of
9 residential real property for a tax year that begins on or after the
10 effective date of this Act.

11 SECTION 17. This Act takes effect January 1, 2024, but only
12 if the constitutional amendment proposed by the 88th Legislature,
13 Regular Session, 2023, authorizing the legislature to limit the
14 maximum appraised value of residential real property for ad valorem
15 tax purposes to 105 percent or more of the appraised value of the
16 property for the preceding tax year, to exempt from ad valorem
17 taxation the total appraised value of property purchased by an
18 individual for the first tax year the individual qualifies the
19 property as the individual's residence homestead if the property is
20 the individual's first residence homestead and has an appraised
21 value of less than \$300,000, and to limit the total amount of ad
22 valorem taxes that a political subdivision may impose on the
23 residence homestead of an individual and the surviving spouse of
24 the individual if the individual qualifies the property as the
25 individual's residence homestead for at least 25 consecutive tax
26 years is approved by the voters. If that constitutional amendment
27 is not approved by the voters, this Act has no effect.