

By: Allison

H.B. No. 157

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 1999 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 1999 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-1), (c-2), and (c-3) 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 or, if the property
5 qualifies as the ~~to a~~ residence homestead of the owner under
6 Section 11.13 in the tax year in which the owner acquires the
7 property, the limitation takes effect on January 1 of the tax year
8 following that ~~the first~~ tax year ~~the owner qualifies the~~
9 property for an exemption under Section 11.13]. Except as provided
10 by Subsection (c-1) or (c-2), the ~~The~~ limitation expires on
11 January 1 of the first tax year following the year in which ~~that~~
12 ~~neither~~ the owner of the property ceases to own the property.

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

22 (c-2) If property subject to a limitation under Subsection
23 (a), other than a residence homestead, is owned by two or more
24 persons, the limitation expires on January 1 of the first tax year
25 following the year in which the ownership of at least a 50 percent
26 interest in the property is sold or otherwise transferred.

27 (c-3) For purposes of applying the limitation provided by

1 this section in the first tax year after the 2022 tax year in which
2 the property is appraised for taxation:

3 (1) the property is considered to have been appraised
4 for taxation in the 2022 tax year at a market value equal to the
5 appraised value of the property for that tax year;

6 (2) a person who acquired residential real property in
7 a tax year before the 2022 tax year is considered to have acquired
8 the property on January 1, 2022; and

9 (3) a person who qualified the property for an
10 exemption under Section 11.13 as the person's residence homestead
11 for any portion of the 2022 tax year is considered to have acquired
12 the property in the 2022 tax year.

13 (e) In this section:

14 (1) "New [~~,"new~~] improvement" means an improvement to
15 real property [~~a residence homestead~~] made after the most recent
16 appraisal of the property that increases the market value of the
17 property and the value of which is not included in the appraised
18 value of the property for the preceding tax year. The term does not
19 include repairs to or ordinary maintenance of an existing structure
20 or the grounds or another feature of the property.

21 (2) "Residential real property":

22 (A) means real property that:

23 (i) qualifies for an exemption under
24 Section 11.13; or

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

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

4 (f) Notwithstanding Subsections (a) and (e)(1) [~~(e)~~] and
5 except as provided by Subdivision (2) of this subsection, an
6 improvement to property that would otherwise constitute a new
7 improvement is not treated as a new improvement if the improvement
8 is a replacement structure for a structure that was rendered
9 uninhabitable or unusable by a casualty or by wind or water damage.
10 For purposes of appraising the property under Subsection (a) in the
11 tax year in which the structure would have constituted a new
12 improvement:

13 (1) the appraised value the property would have had in
14 the preceding tax year if the casualty or damage had not occurred is
15 considered to be the appraised value of the property for that year,
16 regardless of whether that appraised value exceeds the actual
17 appraised value of the property for that year as limited by
18 Subsection (a); and

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

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

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

27 SECTION 7. Sections [26.012\(6\)](#), (13), and (14), Tax Code,

1 are amended to read as follows:

2 (6) "Current total value" means the total taxable
3 value of property listed on the appraisal roll for the current year,
4 including all appraisal roll supplements and corrections as of the
5 date of the calculation, less the taxable value of property
6 exempted for the current tax year for the first time under Section
7 [11.31](#) or [11.315](#), except that:

8 (A) the current total value for a school district
9 excludes:

10 (i) the total value of homesteads that
11 qualify for a tax limitation as provided by Section [11.26](#); and

12 (ii) new property value of property that is
13 subject to an agreement entered into under Chapter [313](#); ~~and~~

14 (B) the current total value for a county,
15 municipality, or junior college district excludes the total value
16 of homesteads that qualify for a tax limitation provided by Section
17 [11.261](#); and

18 (C) the current total value for a taxing unit
19 excludes the total value of homesteads that qualify for a tax
20 limitation as provided by Section [11.262](#).

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

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

26 (i) taxable value that was reduced in an
27 appeal under Chapter [42](#);

1 (ii) all appraisal roll supplements and
2 corrections other than corrections made pursuant to Section
3 25.25(d), as of the date of the calculation, except that last year's
4 taxable value for a school district excludes the total value of
5 homesteads that qualified for a tax limitation as provided by
6 Section 11.26, ~~[and]~~ last year's taxable value for a county,
7 municipality, or junior college district excludes the total value
8 of homesteads that qualified for a tax limitation as provided by
9 Section 11.261, and last year's taxable value for a taxing unit
10 excludes the total value of homesteads that qualified for a tax
11 limitation as provided by Section 11.262; and

12 (iii) the portion of taxable value of
13 property that is the subject of an appeal under Chapter 42 on July
14 25 that is not in dispute; and

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

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

22 (A) last year's taxable value for a school
23 district excludes the total value of homesteads that qualified for
24 a tax limitation as provided by Section 11.26; ~~[and]~~

25 (B) last year's taxable value for a county,
26 municipality, or junior college district excludes the total value
27 of homesteads that qualified for a tax limitation as provided by

1 Section 11.261; and

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

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

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

13 SECTION 9. Section 44.004(c), Education Code, as amended by
14 H.B. No. 2723, Acts of the 87th Legislature, Regular Session, 2021,
15 is amended to read as follows:

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

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

22 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

23 "The (name of school district) will hold a public meeting at
24 (time, date, year) in (name of room, building, physical location,
25 city, state). The purpose of this meeting is to discuss the school
26 district's budget that will determine the tax rate that will be
27 adopted. Public participation in the discussion is invited." The

1 statement of the purpose of the meeting must be in bold type. In
2 reduced type, the notice must state: "The tax rate that is
3 ultimately adopted at this meeting or at a separate meeting at a
4 later date may not exceed the proposed rate shown below unless the
5 district publishes a revised notice containing the same information
6 and comparisons set out below and holds another public meeting to
7 discuss the revised notice." In addition, in reduced type, the
8 notice must state: "Visit Texas.gov/PropertyTaxes to find a link to
9 your local property tax database on which you can easily access
10 information regarding your property taxes, including information
11 about proposed tax rates and scheduled public hearings of each
12 entity that taxes your property.";

13 (2) contain a section entitled "Comparison of Proposed
14 Budget with Last Year's Budget," which must show the difference,
15 expressed as a percent increase or decrease, as applicable, in the
16 amounts budgeted for the preceding fiscal year and the amount
17 budgeted for the fiscal year that begins in the current tax year for
18 each of the following:

- 19 (A) maintenance and operations;
20 (B) debt service; and
21 (C) total expenditures;

22 (3) contain a section entitled "Total Appraised Value
23 and Total Taxable Value," which must show the total appraised value
24 and the total taxable value of all property and the total appraised
25 value and the total taxable value of new property taxable by the
26 district in the preceding tax year and the current tax year as
27 calculated under Section [26.04](#), Tax Code;

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

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

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

10 (i) the school district's "Last Year's
11 Rate";

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

14 (a) in the case of "Maintenance &
15 Operations," is the tax rate that, when applied to the current
16 taxable value for the district, as certified by the chief appraiser
17 under Section 26.01, Tax Code, and as adjusted to reflect changes
18 made by the chief appraiser as of the time the notice is prepared,
19 would impose taxes in an amount that, when added to state funds to
20 be distributed to the district under Chapter 48, would provide the
21 same amount of maintenance and operations taxes and state funds
22 distributed under Chapter 48 per student in average daily
23 attendance for the applicable school year that was available to the
24 district in the preceding school year; and

25 (b) in the case of "Interest & Sinking
26 Fund," is the tax rate that, when applied to the current taxable
27 value for the district, as certified by the chief appraiser under

1 Section 26.01, Tax Code, and as adjusted to reflect changes made by
2 the chief appraiser as of the time the notice is prepared, and when
3 multiplied by the district's anticipated collection rate, would
4 impose taxes in an amount that, when added to state funds to be
5 distributed to the district under Chapter 46 and any excess taxes
6 collected to service the district's debt during the preceding tax
7 year but not used for that purpose during that year, would provide
8 the amount required to service the district's debt; and

9 (iii) the "Proposed Rate";

10 (B) contain fourth and fifth columns aligned with
11 the columns required by Paragraph (A) that show, for each row
12 required by Paragraph (A):

13 (i) the "Local Revenue per Student," which
14 is computed by multiplying the district's total taxable value of
15 property, as certified by the chief appraiser for the applicable
16 school year under Section 26.01, Tax Code, and as adjusted to
17 reflect changes made by the chief appraiser as of the time the
18 notice is prepared, by the total tax rate, and dividing the product
19 by the number of students in average daily attendance in the
20 district for the applicable school year; and

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

26 (C) contain an asterisk after each calculation
27 for "Interest & Sinking Fund" and a footnote to the section that, in

1 reduced type, states "The Interest & Sinking Fund tax revenue is
2 used to pay for bonded indebtedness on construction, equipment, or
3 both. The bonds, and the tax rate necessary to pay those bonds,
4 were approved by the voters of this district.";

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

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

10 (i) "Average Market Value of Residences,"
11 determined using the same group of residences for each year;

12 (ii) "Average Taxable Value of Residences,"
13 determined after taking into account the limitation on the
14 appraised value of residences under Section 23.23, Tax Code, and
15 after subtracting all homestead exemptions applicable in each year,
16 other than exemptions available only to disabled persons or persons
17 65 years of age or older or their surviving spouses, and using the
18 same group of residences for each year;

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

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

23 (B) contain the following information: "Increase
24 (Decrease) in Taxes" expressed in dollars and cents, which is
25 computed by subtracting the "Taxes Due on Average Residence" for
26 the preceding tax year from the "Taxes Due on Average Residence" for
27 the current tax year;

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

8 (8) contain the following statement in bold print:
9 "Notice of Voter-Approval Rate: The highest tax rate the district
10 can adopt before requiring voter approval at an election is (the
11 school district voter-approval rate determined under Section
12 26.08, Tax Code). This election will be automatically held if the
13 district adopts a rate in excess of the voter-approval rate of (the
14 school district voter-approval rate)."; ~~and~~

15 (9) contain a section entitled "Fund Balances," which
16 must include the estimated amount of interest and sinking fund
17 balances and the estimated amount of maintenance and operation or
18 general fund balances remaining at the end of the current fiscal
19 year that are not encumbered with or by corresponding debt
20 obligation, less estimated funds necessary for the operation of the
21 district before the receipt of the first payment under Chapter 48 in
22 the succeeding school year; and

23 (10) contain the following statement in bold print:
24 "Under state law, the dollar amount of school taxes imposed on a
25 residence homestead that qualifies as the owner's residence
26 homestead for at least 25 consecutive years may not be increased
27 above the amount of school taxes imposed on the property in that

1 25th consecutive year, regardless of changes in tax rate or
2 property value."~~[-]~~

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

6 (a-2) Beginning with the 2023-2024 school year, in addition
7 to state aid a school district is entitled to under Subsection (a),
8 a school district is also entitled to additional state aid under
9 this subchapter to the extent that state and local revenue used to
10 service debt eligible under this chapter is less than the state and
11 local revenue that would have been available to the district under
12 this chapter as it existed on September 1, 2022, if the exemption
13 for an individual's first residence homestead under Section 1-b(q),
14 Article VIII, Texas Constitution, as proposed by the 87th
15 Legislature, 2nd Called Session, 2021, had not been adopted.

16 (b) Subject to Subsections (c)-(e), additional state aid
17 under this section is equal to the amount by which the loss of local
18 interest and sinking revenue for debt service attributable to the
19 increase in the residence homestead exemption under Section 1-b(c),
20 Article VIII, Texas Constitution, and the additional limitation on
21 tax increases under Section 1-b(d) of that article as proposed by
22 S.J.R. 1, 84th Legislature, Regular Session, 2015, and the
23 residence homestead exemption under Section 1-b(q), Article VIII,
24 Texas Constitution, as proposed by the 87th Legislature, 2nd Called
25 Session, 2021, is not offset by a gain in state aid under this
26 chapter.

27 (c) For the purpose of determining state aid under

1 Subsection (a) or (a-2) [~~this section~~], local interest and sinking
2 revenue for debt service is limited to revenue required to service
3 debt eligible under this chapter as of September 1, 2015, or as of
4 September 1, 2022, respectively, including refunding of the
5 applicable [~~that~~] debt, subject to Section 46.061. The limitation
6 imposed by Section 46.034(a) does not apply for the purpose of
7 determining state aid under Subsection (a) or (a-2) [~~this section~~].

8 SECTION 11. Subchapter F, Chapter 48, Education Code, is
9 amended by adding Section 48.2541 to read as follows:

10 Sec. 48.2541. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.

11 (a) Beginning with the 2023-2024 school year, a school district is
12 entitled to additional state aid to the extent that state and local
13 revenue under this chapter and Chapter 49 is less than the state and
14 local revenue that would have been available to the district under
15 Chapter 49 and this chapter as those chapters existed on September
16 1, 2022, if the exemption for an individual's first residence
17 homestead under Section 1-b(q), Article VIII, Texas Constitution,
18 as proposed by the joint resolution to add that subsection adopted
19 by the 87th Legislature, 2nd Called Session, 2021, had not been
20 adopted.

21 (b) The lesser of the school district's currently adopted
22 maintenance and operations tax rate or the adopted maintenance and
23 operations tax rate for the 2022 tax year is used for the purpose of
24 determining additional state aid under Subsection (a).

25 SECTION 12. Sections 403.302(d), (d-1), and (i), Government
26 Code, 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 or 11.262, Tax Code, on which school district taxes
3 are not imposed in the year that is the subject of the study,
4 calculated as if the residence homesteads were appraised at the
5 full value 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 real
26 property [~~a residence homestead~~] to which Section 23.23, Tax Code,
27 applies exceeds the appraised value of that property as calculated

1 under that section; and

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

4 (d-1) For purposes of Subsection (d), a residence homestead
5 that receives an exemption under Section 11.13(s), 11.131, 11.133,
6 or 11.134, Tax Code, in the year that is the subject of the study is
7 not considered to be taxable property.

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

1 [~~residence homesteads~~] to which Section 23.23, Tax Code, applies
2 the amount by which that amount exceeds the appraised value of those
3 properties as calculated by the appraisal district under Section
4 23.23, Tax Code.

5 SECTION 13. Section 11.13(s), Tax Code, as added by this
6 Act, applies only to the appraisal for ad valorem tax purposes of
7 residence homesteads for a tax year that begins on or after the
8 effective date of this Act.

9 SECTION 14. Section 11.262, Tax Code, as added by this Act,
10 applies only to ad valorem taxes imposed for a tax year that begins
11 on or after the effective date of this Act.

12 SECTION 15. Section 23.23, Tax Code, as amended by this Act,
13 applies only to the appraisal for ad valorem tax purposes of
14 residential real property for a tax year that begins on or after the
15 effective date of this Act.

16 SECTION 16. This Act takes effect January 1, 2023, but only
17 if the constitutional amendment proposed by the 87th Legislature,
18 2nd Called Session, 2021, authorizing the legislature to limit the
19 maximum appraised value of residential real property for ad valorem
20 tax purposes to 105 percent or more of the appraised value of the
21 property for the preceding tax year, to exempt from ad valorem
22 taxation the total appraised value of property purchased by an
23 individual for the first tax year the individual qualifies the
24 property as the individual's residence homestead if the property is
25 the individual's first residence homestead and has an appraised
26 value of less than \$300,000, and to limit the total amount of ad
27 valorem taxes that a political subdivision may impose on the

1 residence homestead of an individual and the surviving spouse of
2 the individual if the individual qualifies the property as the
3 individual's residence homestead for at least 25 consecutive tax
4 years is approved by the voters. If that constitutional amendment
5 is not approved by the voters, this Act has no effect.