

BILL ANALYSIS

S.B. 2
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Local property taxes in Texas are rapidly rising and becoming increasingly unaffordable. According to data from the comptroller of public accounts, local property tax levies increased nearly 300 percent between 1998 and 2021.

Much of the headache for taxpayers with respect to property taxation is caused by the lack of stability and predictability in appraisals. Although Texas has an existing limitation on appraised value increases, that limitation only applies to residence homesteads. Additionally, concerns remain over the amount of school district recapture payments and the state's share of public education funding. The Texas Commission on Public School Finance in its final report called for additional state education spending and for reductions in both the growth rate of property taxes and recapture payments.

S.B. 2 seeks to address these issues and provide property tax relief by:

- reducing the maximum compressed tax rate for all school districts;
- increasing the amount of the general school district residence homestead exemption to \$100,000;
- beginning January 1, 2024, imposing a limitation of 20 percent on the annual appraised-value increase for non-homestead real property valued at not more than \$5 million; and
- for counties with a population of 75,000 or more:
 - increasing the membership of the appraisal district's board of directors by three members, to be elected in non-partisan elections; and
 - providing for the appointment of members of the appraisal review board by the appraisal district's board of directors.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the secretary of state in SECTION 5.04 of this bill.

ANALYSIS

S.B. 2 amends the Education Code, Government Code, and Tax Code to enact the provisions of the Property Tax Relief Act.

School District Tax Rate Compression

S.B. 2 provides for a \$0.107 reduction in a public school district's maximum compressed tax rate for the 2023-2024 school year. If a district's maximum compressed tax rate after that reduction would be less than 90 percent of another district's maximum compressed tax rate, the district's maximum compressed tax rate is instead the value at which that rate would be equal to 90 percent of the other district's maximum compressed tax rate. The bill provides that, during the 2023-2024 school year, certain references in state law to a district's maximum compressed tax rate or maximum compressed rate mean the maximum compressed rate for the district as reduced by the bill for the 2023-2024 school year. The bill establishes that, for purposes of determining a district's maximum compressed tax rate for the 2024-2025 school year, the value of the district's "PYMCR" is the maximum compressed tax rate determined for the district for the preceding school year. For purposes of a certain statutory provision regarding support of students enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf, a reference to state law regarding the calculation of a district's maximum compressed tax rate includes these bill provisions providing for tax rate compression. These provisions expire September 1, 2025.

S.B. 2, with respect to a school district that received an adjustment from the Texas Education Agency (TEA) for the 2022-2023 school year to the amount of the district's local revenue levels the district would otherwise be required to reduce in order to ensure that the district's tier one revenue level remains at entitlement level, entitles such a district to additional state aid for each school year in an amount equal to the amount of that adjustment for the 2022-2023 school year less the difference, if the difference is greater than zero, between:

- the amount to which the district is entitled under the Foundation School Program (FSP) for the current school year; and
- the amount to which the district would be entitled under the FSP for the current school year if the district's maximum compressed tax rate had not been reduced as part of the tax rate compression provided for by the bill.

These provisions take 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, these provisions have no effect.

School District Residence Homestead Exemption; Elderly and Disabled Property Tax Ceiling; Protection of School Districts Against Resulting Loss in Local Revenue

Increase in Amount of Residence Homestead Exemption

S.B. 2 increases the amount of the general school district residence homestead property tax exemption from \$40,000 to \$100,000. This increase takes effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, takes effect. If that amendment is not approved by the voters, this provision of the bill has no effect. This increase applies only to a property tax year that begins on or after January 1, 2023.

Local Option General Residence Homestead Exemption

S.B. 2 prohibits the governing body of a school district, municipality, or county that adopted a local option general residence homestead exemption for the 2022 tax year from reducing the amount of or repealing the exemption. This prohibition expires December 31, 2027, and takes effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, takes effect. If that amendment is not approved by the voters, these provisions have no effect.

Elderly and Disabled Property Tax Ceiling

S.B. 2 revises the formula for calculating the ceiling on the school district taxes that may be imposed on the residence homestead of an elderly or disabled individual who first qualifies for the tax ceiling in the 2024 or a subsequent tax year by requiring an amount equal to the following to be subtracted from the sum calculated according to the existing formula: the amount of any increase in the current tax year as compared to the preceding tax year in the aggregate amount of the general residence homestead property tax exemption and the residence homestead exemption for elderly and disabled individuals multiplied by the district's tax rate for the current tax year.

S.B. 2 provides for an amount equal to the product of \$60,000 and the applicable school district tax rate for the 2023 tax year to be subtracted from the tax ceiling calculated for that tax year for an individual for whom the 2022 tax year or an earlier tax year was the first tax year the individual or the individual's spouse qualified for the residence homestead exemption for the elderly or disabled. If the individual or their spouse first qualified for that exemption for the 2021 tax year or an earlier tax year, the bill provides for an additional amount equal to the product of \$15,000 and the tax rate of the applicable school district for the 2022 tax year to be subtracted from the tax ceiling for the 2023 tax year. These provisions expire January 1, 2025.

These provisions take effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, takes effect. If that amendment is not approved by the voters, these provisions have no effect. These provisions apply only to a property tax year that begins on or after January 1, 2023.

Posting of Information on TEA Website

S.B. 2 removes the requirement for TEA to post the following information on its website for purposes of allowing the chief appraiser of each appraisal district and the assessor for each school district to make the calculations required to determine the amount of the elderly and disabled tax ceiling:

- each district's maximum compressed rate for each tax year beginning with the 2019 tax year; and
- each district's tier one maintenance and operations (M&O) tax rate for the 2018 tax year.

The bill requires TEA to post instead each district's maximum compressed rate for the current tax year and the preceding tax year. These provisions are effective January 1, 2025.

Comptroller's Study of School District Property Values

S.B. 2 requires the comptroller of public accounts, in the final certification of the study of school district property values, to separately identify the final taxable value for each district as adjusted to account for the reduction of the tax ceiling as calculated under applicable state law according to the formula provided for individuals who first qualified for the residence homestead exemption for the elderly or disabled in a tax year before the 2019 tax year, in the 2019 tax year, in the 2020 tax year, in the 2021 tax year, in the 2022 tax year, in the 2023 tax year, and in the 2024 tax year, respectively. These provisions expire January 1, 2025.

These provisions take effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, takes effect. If that amendment is not approved by the voters, these provisions have no effect.

Additional State Aid to Account for Increases in Residence Homestead Exemption and Limitations Imposed Under Tax Ceiling for Elderly and Disabled

S.B. 2 entitles a school district, beginning with the 2023-2024 school year, to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and

the elderly or disabled tax ceiling as such state law existed on September 1, 2022, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling provided for by the constitution, as proposed by the 88th Legislature, 2nd Called Session, 2023, had not occurred. The bill establishes that the additional state aid to districts beginning with the 2023-2024 school year is equal to the amount by which the loss of local interest and sinking (I&S) revenue for debt service attributable to any such increase in a residence homestead exemption and any additional limitation on tax increases is not offset by a gain in state aid for instructional facilities and the payment of existing district debt. The bill further establishes that local I&S revenue for debt service is limited to revenue required to service debt that is eligible as of September 1, 2023, or debt authorized by the voters but not yet issued as of September 1, 2023, that later becomes eligible, including refunding of that debt. The limitation on the amount of state aid provided to assist with the payment of existing district debt does not apply for the purpose of determining state aid under these provisions.

S.B. 2 entitles a school district, beginning with the 2023-2024 school year, to additional state aid to the extent that state and local revenue under state law governing the FSP and excess local revenue levels is less than the state and local revenue that would have been available to the district under such law as it existed on September 1, 2022, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling provided for by the constitution, as proposed by the 88th Legislature, 2nd Called Session, 2023, had not occurred. The lesser of the district's currently adopted M&O tax rate or the adopted M&O tax rate for the 2022 tax year is used for the purpose of determining that additional state aid.

These provisions take effect on the date on which the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, takes effect. If that amendment is not approved by the voters, these provisions have no effect.

Options to Reduce Local Revenue Levels in Excess of Entitlement

S.B. 2, contingent on the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, being approved by the voters in an election held for that purpose, requires the commissioner of education, as soon as practicable after receiving revised property values that reflect adoption of the constitutional amendment, to review the local revenue level of public school districts in Texas and revise as necessary the notifications provided to each district following the annual review of local revenues for the 2023-2024 school year. This provision expires September 1, 2024.

S.B. 2 authorizes a district that has not previously held an election to approve an option selected by the district to reduce its local revenue levels that are in excess of the amount of the district's entitlement under the FSP and that enters into an agreement to exercise an option to reduce its excess local revenue levels for the 2023-2024 school year by purchasing average daily attendance credit, educating nonresident students, or consolidating a tax base with another district to request and receive approval from the commissioner to delay the date of the election otherwise required to be ordered before September 1. A district that receives approval from the commissioner to delay an election may adopt a tax rate for the 2023 tax year before the commissioner certifies that the district has appropriately reduced its local revenue level. These provisions expire September 1, 2024.

S.B. 2 requires the commissioner to approve a district's request to delay the election if the commissioner determines that the district would not have a local revenue level in excess of entitlement if the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, were approved by the voters. The bill requires the commissioner to set a date by which each district that receives approval to delay an election must ultimately order the election and requires the commissioner, not later than the 2024-2025 school year, to order detachment

and annexation of district property or consolidation as necessary to reduce the excess local revenue levels for a district that receives approval to delay an election and subsequently fails to hold the election or does not receive voter approval at the election. These provisions expire September 1, 2025.

S.B. 2 establishes that, during the 2023-2024 school year, statutory provisions governing the date of an election held to approve an option to reduce excess local revenue levels do not apply to a district that receives approval from the commissioner of a request to delay the election as provided by the bill. The bill requires the district to hold the election on a Tuesday or Saturday on or before a date specified by the commissioner and makes Election Code provisions regarding the uniform election dates inapplicable to the election. These provisions expire September 1, 2024.

S.B. 2 requires a district that opts to reduce its excess local revenue levels by purchasing attendance credit and that receives approval of a request to delay the election to approve that purchase as provided by the bill to pay for credit purchased in equal monthly payments as determined by the commissioner beginning March 15, 2024, and ending August 15, 2024. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2024, provided that the district notifies the commissioner of the district's election to pay through a lump sum not later than March 15, 2024. These provisions expire September 1, 2024.

S.B. 2 requires the commissioner to order any detachments and annexations of property for the 2023-2024 school year as a means of reducing excess local revenue levels as soon as practicable after the canvass of the votes on the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023. This requirement expires September 1, 2024.

The portions of the bill pertaining to the options to reduce local revenue levels in excess of entitlement take effect immediately if the bill receives the requisite two-thirds constitutional vote and, if not, on the 91st day after the last day of the legislative session.

Circuit Breaker Limitation on Increases in Value of Real Property Other Than Residence Homestead

S.B. 2 limits the amount by which an appraisal office may increase the appraised value of real property other than a residence homestead for a tax year by capping the appraised value at the lesser of the following amounts, regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year:

- the property's market value for the most recent tax year that the market value was determined by the appraisal office; or
- the sum of the following:
 - 20 percent of the property's appraised value for the preceding tax year;
 - the property's appraised value for the preceding tax year; and
 - the market value of all new improvements to the property.

When appraising the real property, the chief appraiser must appraise the property at its market value and include in the appraisal records both the property's market value and that computed sum. For the 2024 tax year, the circuit breaker limitation applies only to real property with a maximum appraised value of \$5 million for the tax year in which the property first qualifies for the limitation, and the bill provides for the adjustment of that maximum appraised value for inflation as follows:

- for the 2025 tax year, the comptroller must determine the applicable maximum appraised value by increasing or decreasing, as applicable, the amount in effect for the 2024 tax year by an amount equal to \$5 million multiplied by the percentage increase or decrease during the preceding state fiscal year in the consumer price index; and
- for each subsequent tax year, the comptroller must determine the applicable maximum appraised value by increasing or decreasing, as applicable, the amount in effect for the

preceding tax year by an amount equal to that amount multiplied by the percentage increase or decrease during the preceding state fiscal year in the consumer price index, rounded to the nearest \$10,000.

The bill requires the comptroller to publish the amount in effect for a tax year as soon as practicable after January 1 of the tax year. For these purposes, the consumer price index is the average over a state fiscal year of the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average.

S.B. 2 establishes that the circuit breaker limitation does not apply to property that qualifies for a residence homestead property tax exemption or that is appraised under statutory provisions relating to the appraisal of land designated for agricultural use; agricultural land; timber land; recreational, park, and scenic land; public access airport property; or restricted-use timber land.

S.B. 2 establishes that the circuit breaker limitation takes effect as to a parcel of applicable real property on January 1 of the tax year following the first tax year in which the owner owns the property on January 1. The circuit breaker limitation expires on January 1 of the tax year following the tax year in which the property owner ceases to own the property. A person who acquired real property subject to the circuit breaker limitation before the 2023 tax year is considered to have acquired the property on January 1, 2023.

S.B. 2 establishes that an improvement to applicable real property that would otherwise constitute a new improvement is not treated as such if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. The bill sets the appraised value of the property in the tax year in which the structure would have constituted a new improvement as the appraised value the property would have had in the preceding tax year if the casualty or damage had not occurred, regardless of whether that appraised value exceeds the actual appraised value of the property for that year as limited by the bill. However, the replacement structure is considered to be a new improvement if the square footage of the replacement structure exceeds that of the replaced structure as it existed before the casualty or damage occurred or the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure, unless the excess square footage or higher quality was necessary to satisfy the requirements of a disaster recovery program funded with community development block grant disaster recovery money authorized by federal law.

S.B. 2 requires the chief appraiser to include in a notice of appraised value delivered to a property owner a statement of whether the property qualifies for the circuit breaker limitation on appraised value established by the bill. The bill establishes that a property owner is entitled to protest before the appraisal review board a determination that the owner's property does not qualify for such a limitation.

These provisions take effect January 1, 2024, but only if 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, these provisions have no effect. If the provisions take effect, they apply only to the appraisal of real property other than a residence homestead for property tax purposes for a tax year that begins on or after January 1, 2024, and they expire December 31, 2026, except as otherwise provided.

S.B. 2 requires a notice of a property's appraised value that is required to be delivered to the owner of real property other than a single-family residence that qualifies for a general residence homestead exemption to include the following statement: "Under Section 23.231, Tax Code, for the 2024, 2025, and 2026 tax years, the appraised value of real property other than a residence homestead for ad valorem tax purposes may not be increased by more than 20 percent each year, with certain exceptions. The circuit breaker limitation provided under Section 23.231, Tax Code, expires December 31, 2026. Unless this expiration date is extended by the Texas Legislature, beginning in the 2027 tax year, the circuit breaker limitation provided under Section 23.231,

Tax Code, will no longer be in effect and may result in an increase in ad valorem taxes imposed on real property previously subject to the limitation." This requirement expires December 31, 2027.

Appraisal District Board of Directors

Composition; Terms; Appraisal Review Board Appointments

S.B. 2 expands the composition of the board of directors of an appraisal district established in a county with a population of 75,000 or more from five directors to nine directors by adding three directors elected by majority vote at the general election for state and county officers by the voters of the county in which the district is established and by designating the county assessor-collector as an ex officio director. The bill establishes that appointed members of the board of directors serve staggered four-year terms beginning on January 1 of every other even-numbered year and that elected members of the board of directors serve staggered four-year terms beginning on January 1 of every other odd-numbered year. The bill provides for eligibility to serve on the board and for the procedure to fill a board vacancy. The bill excludes an appraisal district established in a county with a population of 75,000 or more from the applicability of statutory provisions that provide for the following:

- changes in board membership or selection;
- optional staggered terms for board members; and
- the revocation of actions of the appraisal district's directors on the adoption of a resolution of disapproval by the governing bodies of a majority of certain taxing units in the district.

S.B. 2 clarifies that the governing body of a taxing unit may call for the recall of only an appointed member of an appraisal district's board of directors.

S.B. 2 changes the appointing authority responsible for selecting the members of an appraisal review board (ARB) for an appraisal district established in a county with a population of 75,000 or more from the local administrative district judge to the board of directors for the appraisal district. The bill requires a board of directors acting as an appointing authority to make appointments to the ARB by majority vote, with at least two members of the majority being elected members of the board of directors.

These provisions take effect July 1, 2024, but only if 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, these provisions have no effect.

Election Procedures and Transition Provisions

S.B. 2 requires an application for a place on the ballot for an elective position on an appraisal district board of directors to be filed with the county judge of the county in which the appraisal district is established and be accompanied by a filing fee or a valid petition in lieu of the filing fee. The filing fee for a place on the ballot is:

- \$400 for a county with a population of 200,000 or more; or
- \$200 for a county with a population of less than 200,000.

The minimum number of signatures that must appear on the petition is the lesser of the following:

- 500; or
- two percent of the total vote received in the county by all the candidates for governor in the most recent gubernatorial general election, unless that number is less than 50, in which case the required number of signatures is the lesser of 50 or 20 percent of that total vote.

The bill requires the filing fee to be deposited in the county treasury to the credit of the county general fund upon receipt. The bill requires the secretary of state to adopt rules as necessary to implement these provisions.

S.B. 2 requires appraisal district directors to be elected to the elective positions as provided by the bill beginning with the election conducted on the uniform election date in May 2024. The directors then elected take office on July 1, 2024, and serve a term that expires on December 31, 2026. Following the election of the initial elected directors of an appraisal district, directors must then be elected beginning with the general election conducted in November 2026. Directors then elected take office January 1, 2027. At the first meeting of the board of directors of an appraisal district that follows the November 2026 general election of directors, the three elected directors must draw lots to determine which director will serve a term of two years and which two directors will serve a term of four years. Thereafter, all elected directors serve four-year terms.

S.B. 2 establishes that the term of an appraisal district director serving on December 31, 2024, on the board of directors of an appraisal district established in a county with a population of 75,000 or more expires on January 1, 2025. Not later than December 31, 2024, the taxing units participating in the appraisal district that are entitled to appoint directors must appoint five directors to serve terms that begin on January 1, 2025. Two directors must be appointed to serve a term of one year, and three directors must be appointed to serve a term of three years. Thereafter, all appointed directors serve four-year terms.

These provisions take effect on the 91st day after the last day of the legislative session, but only if 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, these provisions have no effect.

Transitional Tax Year Provisions

S.B. 2 requires the chief appraiser of an appraisal district to prepare supplemental appraisal records for the 2023 tax year to account for the changes in law made by the bill.

S.B. 2 requires the assessor for a taxing unit, on receipt of the appraisal roll for the 2023 tax year, to determine the total taxable value of property taxable by the taxing unit and the taxable value of new property as if the changes in law made by the bill were in effect for that tax year. The bill requires the officer or employee designated by the governing body of a taxing unit to calculate the unit's no-new-revenue (NNR) tax rate and the voter-approval tax rate (VATR) to do so for the 2023 tax year as if the changes in law made by the bill were in effect for that tax year.

S.B. 2 provides that, for the purposes of calculating the NNR tax rate, the VATR, and any related tax rate for the 2023 tax year, a taxing unit that calculates those rates under a provision of law other than Tax Code provisions relating to the submission of the appraisal to the governing body, to the calculation of the NNR tax rate and VATR, or to an automatic election to approve the tax rate of a school district, must calculate those rates as if the changes in law made by the bill were in effect for that tax year.

S.B. 2 requires that, for purposes of state law providing for an automatic election to approve an adopted tax rate of a school district that exceeds its VATR, a district's VATR for the 2023 tax year be calculated as if the changes in law made by the bill were in effect for that tax year.

S.B. 2 requires the assessor for a taxing unit to calculate the amount of tax imposed by the unit on real property for the 2023 tax year as if the changes in law made by the bill were in effect for that tax year and also as if the changes in law made by the bill were not in effect for that tax year. The bill also requires the assessor to correct the unit's tax roll for the 2023 tax year to

reflect the results of the election to approve the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023.

S.B. 2 provides the following with respect to taxes imposed by a taxing unit on real property for the 2023 tax year, applicable only if the changes in law made by the bill would lower the taxes imposed by the unit on the property for that tax year:

- the assessor for the taxing unit must compute the amount of taxes imposed and the other information required for the property's tax bill as if the changes in law made by the bill were in effect for that tax year;
- the tax bill or the separate statement accompanying the tax bill must indicate that the bill is a provisional tax bill and include a statement, in substantially the same form as set out by the bill, indicating the following:
 - the amount the tax bill would have been if the bill's provisions were not in effect for that tax year;
 - the difference between the amount that the tax bill would have been if the bill's provisions were not in effect for that tax year and the amount that the tax bill is with those changes in effect;
 - the amount of the tax bill as lowered by the changes made by the bill and contingent on the approval by the voters at an election to be held November 7, 2023, of the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023; and
 - the amount of the supplemental tax bill that will be mailed if that amendment is not approved by the voters;
- the tax bill prepared by the assessor as provided by the bill and mailed as provided by applicable state law is considered to be a provisional tax bill until the canvass of the votes on the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, and, if the constitutional amendment is approved by the voters, the tax bill is considered to be a final tax bill for the taxes imposed on the property for the 2023 tax year, and no additional tax bill is required to be mailed unless another provision of the property tax code requires the mailing of a corrected tax bill; and
- if that constitutional amendment is not approved by the voters:
 - the tax bill prepared by the assessor as provided by the bill is considered to be a final tax bill but only as to the portion of the taxes imposed on the property for the 2023 tax year that are included in the bill;
 - the amount of taxes imposed by each taxing unit on real property for the 2023 tax year is calculated as if the changes in law made by the bill were not in effect for that tax year; and
 - the assessor for each taxing unit must prepare and mail a supplemental tax bill, by December 1 or as soon thereafter as practicable, in an amount equal to the difference between the amount of the tax bill if the changes in law made by the bill were not in effect for that tax year and the amount of the tax bill if those changes were in effect for that tax year.

The provisions of state law otherwise applicable to tax bills apply to such a supplemental tax bill, except as otherwise provided by the bill's provisions. The taxes for which such a supplemental tax bill is mailed are due on receipt of the bill and are delinquent if not paid before March 1 of the year following the year in which imposed.

These transitional provisions expire December 31, 2024. The provisions take effect immediately if the bill receives the requisite two-thirds constitutional vote and, if not, on the 91st day after the last day of the legislative session.

Contingent on Passage of Franchise Tax Reform Legislation

S.B. 2 takes effect only if S.B. 3 or similar legislation of the 88th Legislature, 2nd Called Session, 2023, relating to the amount of the total revenue exemption for the franchise tax and

the exclusion of certain taxable entities from the requirement to file a franchise tax report becomes law. The bill has no effect if such legislation does not become law.

Repealed Provisions

Contingent on voter approval of the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, S.B. 2 repeals the following provisions of the Tax Code:

- effective on the date on which that amendment is approved, Sections 11.26(a-1), (a-2), and (a-3); and
- effective January 1, 2025, Sections 11.26(a-5), (a-6), (a-7), (a-8), and (a-9).

EFFECTIVE DATE

Except as otherwise provided, the 91st day after the last day of the legislative session.