

By: Hinojosa

S.B. No. 42

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of certain ad valorem tax rates of a taxing unit for a year in which a property owner provides notice that the owner intends to appeal an order of an appraisal review board determining a protest by the owner regarding the appraisal of the owner's property.

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

SECTION 1. (a) Section 26.012, Tax Code, is amended by adding Subdivisions (1-a), (1-b), (1-c), (2-a), and (20) to read as follows:

(1-a) "Affected taxing unit" means a taxing unit:

(A) that is wholly or partly located in a county

that:

(i) has a population of less than 500,000;

and

(ii) is located on the Gulf of Mexico; and

(B) in which one or more parcels of property are located that are included as part of anticipated substantial litigation.

(1-b) "Anticipated substantial litigation" means one or more appeals filed or intended to be filed under Chapter 42 for a tax year by a single property owner or by one or more associated business entities of a single property owner of one or more orders of an appraisal review board determining one or more protests by the

1 owner or entities of the taxable value of one or more parcels of
2 property located in an affected taxing unit that have an aggregate
3 contested taxable value of more than \$1 billion.

4 (1-c) "Associated business entity" means a subsidiary
5 or other associated business entity of a property owner.

6 (2-a) "Contested taxable value" means the portion of
7 the taxable value of property that is in dispute.

8 (20) "Uncontested taxable value" means the portion of
9 the taxable value of property that is not in dispute.

10 (b) Sections 26.012(1-a), (1-b), (1-c), (2-a), and (20),
11 Tax Code, as added by this Act, expire December 31, 2025.

12 SECTION 2. Section 26.012(6), Tax Code, as effective
13 January 1, 2024, is amended to read as follows:

14 (6) "Current total value" means the total taxable
15 value of property listed on the appraisal roll for the current year,
16 including all appraisal roll supplements and corrections as of the
17 date of the calculation, less the taxable value of property
18 exempted for the current tax year for the first time under Section
19 11.31 or 11.315, except that:

20 (A) the current total value for a school district
21 excludes:

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

24 (ii) new property value of property that is
25 subject to an agreement entered into under former Subchapter B or C,
26 Chapter 313; and

27 (iii) new property value of property that

1 is subject to an agreement entered into under Subchapter T, Chapter
2 403, Government Code; ~~and~~

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

7 (C) the current total value of an affected taxing
8 unit excludes the portion of the aggregate taxable value of all of
9 the property located in the taxing unit that is included as part of
10 anticipated substantial litigation that consists of contested
11 taxable value.

12 SECTION 3. Effective January 1, 2026, Section 26.012(6),
13 Tax Code, as effective January 1, 2024, is amended to read as
14 follows:

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

21 (A) the current total value for a school district
22 excludes:

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

25 (ii) new property value of property that is
26 subject to an agreement entered into under former Subchapter B or C,
27 Chapter 313; and

1 (iii) new property value of property that
2 is subject to an agreement entered into under Subchapter T, Chapter
3 403, Government Code; and

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

8 SECTION 4. Section 26.04(d-3), Tax Code, is amended to read
9 as follows:

10 (d-3) As soon as practicable after the designated officer or
11 employee calculates the no-new-revenue tax rate and the
12 voter-approval tax rate of the taxing unit, the designated officer
13 or employee shall submit the tax rate calculation forms used in
14 calculating the rates to the county assessor-collector for each
15 county in which all or part of the territory of the taxing unit is
16 located. If an amount described by Section 26.012(6)(C) is excluded
17 from the current total value of an affected taxing unit for a tax
18 year, the designated officer or employee for the taxing unit shall
19 include as an addendum to the tax rate calculation forms for that
20 tax year documentation that supports the exclusion.

21 SECTION 5. Effective January 1, 2026, Section 26.04(d-3),
22 Tax Code, is amended to read as follows:

23 (d-3) As soon as practicable after the designated officer or
24 employee calculates the no-new-revenue tax rate and the
25 voter-approval tax rate of the taxing unit, the designated officer
26 or employee shall submit the tax rate calculation forms used in
27 calculating the rates to the county assessor-collector for each

1 county in which all or part of the territory of the taxing unit is
2 located.

3 SECTION 6. Section 26.16(d-1), Tax Code, is amended to read
4 as follows:

5 (d-1) In addition to posting the information described by
6 Subsection (a), the county assessor-collector shall post on the
7 Internet website of the county for each taxing unit all or part of
8 the territory of which is located in the county:

9 (1) the tax rate calculation forms used by the
10 designated officer or employee of each taxing unit to calculate the
11 no-new-revenue and voter-approval tax rates of the taxing unit for
12 the most recent five tax years beginning with the 2020 tax year, as
13 certified by the designated officer or employee under Section
14 26.04(d-2), along with the addendum to those forms required by
15 Section 26.04(d-3), if applicable; and

16 (2) the name and official contact information for each
17 member of the governing body of the taxing unit.

18 SECTION 7. Effective January 1, 2026, Section 26.16(d-1),
19 Tax Code, is amended to read as follows:

20 (d-1) In addition to posting the information described by
21 Subsection (a), the county assessor-collector shall post on the
22 Internet website of the county for each taxing unit all or part of
23 the territory of which is located in the county:

24 (1) the tax rate calculation forms used by the
25 designated officer or employee of each taxing unit to calculate the
26 no-new-revenue and voter-approval tax rates of the taxing unit for
27 the most recent five tax years beginning with the 2020 tax year, as

1 certified by the designated officer or employee under Section
2 26.04(d-2); and

3 (2) the name and official contact information for each
4 member of the governing body of the taxing unit.

5 SECTION 8. Sections 26.17(e) and (f), Tax Code, are amended
6 to read as follows:

7 (e) The officer or employee designated by the governing body
8 of each taxing unit in which the property is located to calculate
9 the no-new-revenue tax rate and the voter-approval tax rate for the
10 taxing unit must electronically incorporate into the database:

11 (1) the information described by Subsections (b)(5),
12 (6), (7), (12), and (13), as applicable, as the information becomes
13 available; and

14 (2) the tax rate calculation forms prepared under
15 Section 26.04(d-1), along with the addendum to those forms required
16 by Section 26.04(d-3), if applicable, at the same time the
17 designated officer or employee submits the tax rates to the
18 governing body of the taxing unit under Section 26.04(e).

19 (f) The chief appraiser shall make the information
20 described by Subsection (e)(1) and the tax rate calculation forms,
21 along with the addendum to those forms required by Section
22 26.04(d-3), if applicable, described by Subsection (e)(2)
23 available to the public not later than the third business day after
24 the date the information and forms are incorporated into the
25 database.

26 SECTION 9. Effective January 1, 2026, Sections 26.17(e) and
27 (f), Tax Code, are amended to read as follows:

1 (e) The officer or employee designated by the governing body
2 of each taxing unit in which the property is located to calculate
3 the no-new-revenue tax rate and the voter-approval tax rate for the
4 taxing unit must electronically incorporate into the database:

5 (1) the information described by Subsections (b)(5),
6 (6), (7), (12), and (13), as applicable, as the information becomes
7 available; and

8 (2) the tax rate calculation forms prepared under
9 Section 26.04(d-1) at the same time the designated officer or
10 employee submits the tax rates to the governing body of the taxing
11 unit under Section 26.04(e).

12 (f) The chief appraiser shall make the information
13 described by Subsection (e)(1) and the tax rate calculation forms
14 described by Subsection (e)(2) available to the public not later
15 than the third business day after the date the information and forms
16 are incorporated into the database.

17 SECTION 10. Subchapter C, Chapter 41, Tax Code, is amended
18 by adding Section 41.48 to read as follows:

19 Sec. 41.48. NOTICE OF CERTAIN APPEALS. (a) In this section,
20 "affected taxing unit," "anticipated substantial litigation,"
21 "associated business entity," and "uncontested taxable value" have
22 the meanings assigned by Section 26.012.

23 (b) A property owner or associated business entity of the
24 owner that intends to file an appeal under Chapter 42 that is part
25 of anticipated substantial litigation shall submit to the collector
26 for each affected taxing unit in which the property included in the
27 litigation is located the total amount of uncontested taxable value

1 of all property located in the taxing unit that may be the subject
2 of an appeal by the property owner or entity and that is part of the
3 litigation.

4 (c) A property owner or associated business entity of the
5 property owner must submit the information required to be submitted
6 under this section not later than the earlier of August 7 or the
7 21st day after the date the first hearing regarding a protest of the
8 value of any property included in the anticipated substantial
9 litigation is conducted under this chapter.

10 (d) This section expires December 31, 2025.

11 SECTION 11. (a) This section takes effect only if the
12 constitutional amendment proposed by H.J.R. 2, 88th Legislature,
13 2nd Called Session, 2023, is approved by the voters.

14 (b) Section 403.302(d), Government Code, is amended to read
15 as follows:

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

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

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

26 (3) the total dollar amount of any exemptions granted
27 before May 31, 1993, within a reinvestment zone under agreements

1 authorized by Chapter 312, Tax Code;

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

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

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

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

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

23 (A) is within a reinvestment zone:

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

26 (ii) the project plan for which includes
27 the alteration, remodeling, repair, or reconstruction of a

1 structure that is included on the National Register of Historic
2 Places and requires that a portion of the tax increment of the zone
3 be used for the improvement or construction of related facilities
4 or for affordable housing;

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

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

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

11 (7) the difference between the comptroller's estimate
12 of the market value and the productivity value of land that
13 qualifies for appraisal on the basis of its productive capacity,
14 except that the productivity value estimated by the comptroller may
15 not exceed the fair market value of the land;

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

22 (9) a portion of the market value of property not
23 otherwise fully taxable by the district at market value because of
24 action required by statute or the constitution of this state, other
25 than Section 11.311, Tax Code, that, if the tax rate adopted by the
26 district is applied to it, produces an amount equal to the
27 difference between the tax that the district would have imposed on

1 the property if the property were fully taxable at market value and
2 the tax that the district is actually authorized to impose on the
3 property, if this subsection does not otherwise require that
4 portion to be deducted;

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

8 (11) the appraised value of property the collection of
9 delinquent taxes on which is deferred under Section 33.06, Tax
10 Code;

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

14 (13) the amount by which the market value of property
15 to which Section 23.23 or 23.231, Tax Code, applies exceeds the
16 appraised value of that property as calculated under Section 23.23
17 or 23.231, Tax Code, as applicable; ~~and~~

18 (14) the total dollar amount of any exemptions granted
19 under Section 11.35, Tax Code; and

20 (15) the amount excluded from the current total value
21 of the district under Section 26.012(6)(C), Tax Code.

22 (c) Effective January 1, 2026, Section 403.302(d),
23 Government Code, is amended to read as follows:

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

26 (1) the total dollar amount of any residence homestead
27 exemptions lawfully granted under Section 11.13(b) or (c), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

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

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

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

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

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

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

4 (A) is within a reinvestment zone:

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

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

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

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

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

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

24 (8) the portion of the appraised value of residence
25 homesteads of individuals who receive a tax limitation under
26 Section 11.26, Tax Code, on which school district taxes are not
27 imposed in the year that is the subject of the study, calculated as

1 if the residence homesteads were appraised at the full value
2 required by law;

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

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

16 (11) the appraised value of property the collection of
17 delinquent taxes on which is deferred under Section 33.06, Tax
18 Code;

19 (12) the portion of the appraised value of property
20 the collection of delinquent taxes on which is deferred under
21 Section 33.065, Tax Code;

22 (13) the amount by which the market value of property
23 to which Section 23.23 or 23.231, Tax Code, applies exceeds the
24 appraised value of that property as calculated under Section 23.23
25 or 23.231, Tax Code, as applicable; and

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

1 (d) Effective January 1, 2027, Section 403.302(d),
2 Government Code, is amended to read as follows:

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

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

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

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

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

18 (A) is within a reinvestment zone created on or
19 before May 31, 1999, or is proposed to be included within the
20 boundaries of a reinvestment zone as the boundaries of the zone and
21 the proposed portion of tax increment paid into the tax increment
22 fund by a school district are described in a written notification
23 provided by the municipality or the board of directors of the zone
24 to the governing bodies of the other taxing units in the manner
25 provided by former Section 311.003(e), Tax Code, before May 31,
26 1999, and within the boundaries of the zone as those boundaries
27 existed on September 1, 1999, including subsequent improvements to

1 the property regardless of when made;

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

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

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

10 (A) is within a reinvestment zone:

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

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

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

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

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

25 (7) the difference between the comptroller's estimate
26 of the market value and the productivity value of land that
27 qualifies for appraisal on the basis of its productive capacity,

1 except that the productivity value estimated by the comptroller may
2 not exceed the fair market value of the land;

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

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

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

22 (11) the appraised value of property the collection of
23 delinquent taxes on which is deferred under Section 33.06, Tax
24 Code;

25 (12) the portion of the appraised value of property
26 the collection of delinquent taxes on which is deferred under
27 Section 33.065, Tax Code;

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

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

7 SECTION 12. (a) This section takes effect only if the
8 constitutional amendment proposed by H.J.R. 2, 88th Legislature,
9 2nd Called Session, 2023, is not approved by the voters.

10 (b) Section 403.302(d), Government Code, is amended to read
11 as follows:

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

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

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

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

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

27 (A) is within a reinvestment zone created on or

1 before May 31, 1999, or is proposed to be included within the
2 boundaries of a reinvestment zone as the boundaries of the zone and
3 the proposed portion of tax increment paid into the tax increment
4 fund by a school district are described in a written notification
5 provided by the municipality or the board of directors of the zone
6 to the governing bodies of the other taxing units in the manner
7 provided by former Section 311.003(e), Tax Code, before May 31,
8 1999, and within the boundaries of the zone as those boundaries
9 existed on September 1, 1999, including subsequent improvements to
10 the property regardless of when made;

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

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

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

19 (A) is within a reinvestment zone:

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

22 (ii) the project plan for which includes
23 the alteration, remodeling, repair, or reconstruction of a
24 structure that is included on the National Register of Historic
25 Places and requires that a portion of the tax increment of the zone
26 be used for the improvement or construction of related facilities
27 or for affordable housing;

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

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

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

7 (7) the difference between the comptroller's estimate
8 of the market value and the productivity value of land that
9 qualifies for appraisal on the basis of its productive capacity,
10 except that the productivity value estimated by the comptroller may
11 not exceed the fair market value of the land;

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

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

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

4 (11) the appraised value of property the collection of
5 delinquent taxes on which is deferred under Section 33.06, Tax
6 Code;

7 (12) the portion of the appraised value of property
8 the collection of delinquent taxes on which is deferred under
9 Section 33.065, Tax Code;

10 (13) the amount by which the market value of a
11 residence homestead to which Section 23.23, Tax Code, applies
12 exceeds the appraised value of that property as calculated under
13 that section; ~~and~~

14 (14) the total dollar amount of any exemptions granted
15 under Section 11.35, Tax Code; and

16 (15) the amount excluded from the current total value
17 of the district under Section 26.012(6)(C), Tax Code.

18 (c) Effective January 1, 2026, Section 403.302(d),
19 Government Code, is amended to read as follows:

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

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

26 (2) one-half of the total dollar amount of any
27 residence homestead exemptions granted under Section 11.13(n), Tax

1 Code, in the year that is the subject of the study for each school
2 district;

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

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

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

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

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

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

27 (A) is within a reinvestment zone:

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

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

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

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

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

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

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

26 (9) a portion of the market value of property not
27 otherwise fully taxable by the district at market value because of

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

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

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

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

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

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

24 SECTION 13. The changes in law made by this Act apply only
25 to an ad valorem tax year that begins on or after the effective date
26 of this Act.

27 SECTION 14. Except as otherwise provided by this Act, this

S.B. No. 42

1 Act takes effect January 1, 2024.