

By: Bettencourt, et al.
(Meyer)

S.B. No. 3

Substitute the following for S.B. No. 3:

By: Thierry

C.S.S.B. No. 3

A BILL TO BE ENTITLED

1 AN ACT

2 relating to providing property tax relief through the public school
3 finance system, exemptions, limitations on appraisals and taxes,
4 and property tax administration.

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

6 ARTICLE 1. SHORT TITLE

7 SECTION 1.01. This Act may be cited as the Property Tax
8 Relief Act.

9 ARTICLE 2. SCHOOL DISTRICT TAX RATE COMPRESSION

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

12 Sec. 48.2555. MAXIMUM COMPRESSED TAX RATE FOR 2023-2024
13 SCHOOL YEAR. (a) Notwithstanding any other provision of this title
14 or Chapter 26, Tax Code, for the 2023-2024 school year, the
15 commissioner shall calculate the value of a school district's
16 maximum compressed tax rate by determining the district's maximum
17 compressed rate under Section 48.2551 or 48.2552(b), if applicable,
18 and reducing the tax rate determined under the applicable section
19 by \$0.15.

20 (b) If a school district's maximum compressed tax rate as
21 calculated under Subsection (a) would be less than 90 percent of
22 another school district's maximum compressed tax rate under
23 Subsection (a), the district's maximum compressed tax rate is the
24 value at which the district's maximum compressed tax rate would be

1 equal to 90 percent of the other district's maximum compressed tax
2 rate.

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

10 (1) Section 13.054(f);

11 (2) Section 45.003(d);

12 (3) Section 45.0032(a);

13 (4) Section 48.051(a);

14 (5) Sections 48.2553(a) and (e); and

15 (6) Section 26.08(n), Tax Code.

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

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

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

25 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
26 IMPACTED BY COMPRESSION. A school district that received an
27 adjustment under Section 48.257(b) for the 2022-2023 school year is

1 entitled to additional state aid for each school year in an amount
2 equal to the amount of that adjustment for the 2022-2023 school year
3 less the difference, if the difference is greater than zero,
4 between:

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

7 (2) the amount to which the district would be entitled
8 under this chapter for the current school year if the district's
9 maximum compressed tax rate had not been reduced under Section
10 48.2555, as added by S.B. 3, Acts of the 88th Legislature, Regular
11 Session, 2023.

12 ARTICLE 3. SCHOOL DISTRICT RESIDENCE HOMESTEAD EXEMPTION

13 SECTION 3.01. Section 11.13(b), Tax Code, is amended to
14 read as follows:

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

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

24 (a) The tax officials shall appraise the property to which
25 this section applies and calculate taxes as on other property, but
26 if the tax so calculated exceeds the limitation imposed by this
27 section, the tax imposed is the amount of the tax as limited by this

1 section, except as otherwise provided by this section. A school
2 district may not increase the total annual amount of ad valorem tax
3 it imposes on the residence homestead of an individual 65 years of
4 age or older or on the residence homestead of an individual who is
5 disabled, as defined by Section 11.13, above the amount of the tax
6 it imposed in the first tax year in which the individual qualified
7 that residence homestead for the applicable exemption provided by
8 Section 11.13(c) for an individual who is 65 years of age or older
9 or is disabled. If the individual qualified that residence
10 homestead for the exemption after the beginning of that first year
11 and the residence homestead remains eligible for the same exemption
12 for the next year, and if the school district taxes imposed on the
13 residence homestead in the next year are less than the amount of
14 taxes imposed in that first year, a school district may not
15 subsequently increase the total annual amount of ad valorem taxes
16 it imposes on the residence homestead above the amount it imposed in
17 the year immediately following the first year for which the
18 individual qualified that residence homestead for the same
19 exemption, except as provided by Subsection (b). ~~[If the first tax
20 year the individual qualified the residence homestead for the
21 exemption provided by Section 11.13(c) for individuals 65 years of
22 age or older or disabled was a tax year before the 2015 tax year, the
23 amount of the limitation provided by this section is the amount of
24 tax the school district imposed for the 2014 tax year less an amount
25 equal to the amount determined by multiplying \$10,000 times the tax
26 rate of the school district for the 2015 tax year, plus any 2015 tax
27 attributable to improvements made in 2014, other than improvements~~

1 ~~made to comply with governmental regulations or repairs.]~~

2 (a-10) Notwithstanding the other provisions of this
3 section, if in the 2024 or a subsequent tax year an individual
4 qualifies for a limitation on tax increases provided by this
5 section on the individual's residence homestead, the amount of the
6 limitation provided by this section on the homestead is equal to the
7 amount computed by:

8 (1) multiplying the taxable value of the homestead in
9 the preceding tax year by a tax rate equal to the difference between
10 the school district's maximum compressed rate for the preceding tax
11 year and the district's maximum compressed rate for the current tax
12 year;

13 (2) subtracting the amount computed under Subdivision
14 (1) from the amount of tax the district imposed on the homestead in
15 the preceding tax year; ~~and~~

16 (3) adding any tax imposed in the current tax year
17 attributable to improvements made in the preceding tax year as
18 provided by Subsection (b) to the amount computed under Subdivision
19 (2);

20 (4) multiplying the amount of any increase in the
21 current tax year as compared to the preceding tax year in the
22 aggregate amount of the exemptions to which the individual is
23 entitled under Sections 11.13(b) and (c) by the school district's
24 tax rate for the current tax year; and

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

27 (a-11) This subsection applies only to an individual who in

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

12 (a-12) This subsection applies only to an individual who in
13 the 2023 tax year qualifies for a limitation under this section and
14 for whom the 2021 tax year or an earlier tax year was the first tax
15 year the individual or the individual's spouse qualified for an
16 exemption under Section 11.13(c). The amount of the limitation
17 provided by this section on the residence homestead of an
18 individual to which this subsection applies for the 2023 tax year is
19 the amount of the limitation as computed under Subsection (a-11) of
20 this section less an amount equal to the product of \$15,000 and the
21 tax rate of the school district for the 2022 tax year. This
22 subsection expires January 1, 2025.

23 (o) Notwithstanding Subsections (a)[~~(a-3)~~] and (b), an
24 improvement to property that would otherwise constitute an
25 improvement under Subsection (b) is not treated as an improvement
26 under that subsection if the improvement is a replacement structure
27 for a structure that was rendered uninhabitable or unusable by a

1 casualty or by wind or water damage. For purposes of appraising the
2 property in the tax year in which the structure would have
3 constituted an improvement under Subsection (b), the replacement
4 structure is considered to be an improvement under that subsection
5 only if:

6 (1) the square footage of the replacement structure
7 exceeds that of the replaced structure as that structure existed
8 before the casualty or damage occurred; or

9 (2) the exterior of the replacement structure is of
10 higher quality construction and composition than that of the
11 replaced structure.

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

15 (a-1) For [~~Beginning with~~] the 2022-2023 school year, a
16 school district is entitled to additional state aid under this
17 subchapter to the extent that state and local revenue used to
18 service debt eligible under this chapter is less than the state and
19 local revenue that would have been available to the district under
20 this chapter as it existed on September 1, 2021, if any increase in
21 the residence homestead exemption under Section 1-b(c), Article
22 VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd
23 Called Session, 2021, had not occurred.

24 (a-2) Beginning with the 2023-2024 school year, a school
25 district is entitled to additional state aid under this subchapter
26 to the extent that state and local revenue used to service debt
27 eligible under this chapter is less than the state and local revenue

1 that would have been available to the district under this chapter as
2 it existed on September 1, 2022, if any increase in a residence
3 homestead exemption under Section 1-b(c), Article VIII, Texas
4 Constitution, and any additional limitation on tax increases under
5 Section 1-b(d) of that article as proposed by the 88th Legislature,
6 Regular Session, 2023, had not occurred.

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

15 (b-2) Subject to Subsections (c-2), (d), and (e),
16 additional state aid under this section beginning with the
17 2023-2024 school year is equal to the amount by which the loss of
18 local interest and sinking revenue for debt service attributable to
19 any increase in a residence homestead exemption under Section
20 1-b(c), Article VIII, Texas Constitution, and any additional
21 limitation on tax increases under Section 1-b(d) of that article as
22 proposed by the 88th Legislature, Regular Session, 2023, is not
23 offset by a gain in state aid under this chapter.

24 (c-2) For the purpose of determining state aid under
25 Subsections (a-2) and (b-2), local interest and sinking revenue for
26 debt service is limited to revenue required to service debt
27 eligible under this chapter as of September 1, 2022, including

1 refunding of that debt, subject to Section 46.061. The limitation
2 imposed by Section 46.034(a) does not apply for the purpose of
3 determining state aid under this section.

4 SECTION 3.04. Section 48.2542, Education Code, is amended
5 to read as follows:

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

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

21 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
22 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
23 Notwithstanding any other provision of this chapter, if a school
24 district is not fully compensated through state aid or the
25 calculation of excess local revenue under this chapter based on the
26 determination of the district's taxable value of property under
27 Subchapter M, Chapter 403, Government Code, the district is

1 entitled to additional state aid in the amount necessary to fully
2 compensate the district for the amount of ad valorem tax revenue
3 lost due to a reduction of the amount of the limitation on tax
4 increases provided by Section 11.26(a-10) [~~Sections 11.26(a-4),~~
5 ~~(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10)]~~, Tax Code [~~as~~
6 ~~applicable~~].

7 SECTION 3.06. Section 48.2543, Education Code, is amended
8 to read as follows:

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

10 (a) For [~~Beginning with~~] the 2022-2023 school year, a school
11 district is entitled to additional state aid to the extent that
12 state and local revenue under this chapter and Chapter 49 is less
13 than the state and local revenue that would have been available to
14 the district under this chapter and Chapter 49 as those chapters
15 existed on September 1, 2021, if any increase in the residence
16 homestead exemption under Section 1-b(c), Article VIII, Texas
17 Constitution, as proposed by the 87th Legislature, 3rd Called
18 Session, 2021, had not occurred.

19 (a-1) Beginning with the 2023-2024 school year, a school
20 district is entitled to additional state aid to the extent that
21 state and local revenue under this chapter and Chapter 49 is less
22 than the state and local revenue that would have been available to
23 the district under this chapter and Chapter 49 as those chapters
24 existed on September 1, 2022, if any increase in a residence
25 homestead exemption under Section 1-b(c), Article VIII, Texas
26 Constitution, and any additional limitation on tax increases under
27 Section 1-b(d) of that article as proposed by the 88th Legislature,

1 Regular Session, 2023, had not occurred.

2 (b) The lesser of the school district's currently adopted
3 maintenance and operations tax rate or the adopted maintenance and
4 operations tax rate for:

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

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

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

11 (a) The agency shall post the following information on the
12 agency's Internet website for purposes of allowing the chief
13 appraiser of each appraisal district and the assessor for each
14 school district to make the calculations required by Sections
15 11.26(a-5), (a-6), (a-7), (a-8), (a-9), ~~and~~ (a-10), (a-11), and
16 (a-12), Tax Code:

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

20 (2) each school district's tier one maintenance and
21 operations tax rate, as provided by Section 45.0032(a), for the
22 2018 tax year.

23 SECTION 3.08. Effective January 1, 2025, Section
24 48.2556(a), Education Code, is amended to read as follows:

25 (a) For purposes of allowing the chief appraiser of each
26 appraisal district and the assessor for each school district to
27 make the calculations required by Section 11.26(a-10), Tax Code,

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

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

9 [~~(2)~~ ~~each school district's tier one maintenance and~~
10 ~~operations tax rate, as provided by Section 45.0032(a), for the~~
11 ~~2018 tax year~~].

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

14 (a-1) This subsection applies only if the constitutional
15 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
16 2023, is approved by the voters in an election held for that
17 purpose. As soon as practicable after receiving revised property
18 values that reflect adoption of the constitutional amendment, the
19 commissioner shall review the local revenue level of districts in
20 the state and revise as necessary the notifications provided under
21 Subsection (a) for the 2023-2024 school year. This subsection
22 expires September 1, 2024.

23 (b-1) This subsection applies only to a district that has
24 not previously held an election under this chapter. Notwithstanding
25 Subsection (b), a district that enters into an agreement to
26 exercise an option to reduce the district's local revenue level in
27 excess of entitlement under Section 49.002(3), (4), or (5) for the

1 2023-2024 school year may request and, as provided by Section
2 49.0042(a), receive approval from the commissioner to delay the
3 date of the election otherwise required to be ordered before
4 September 1. This subsection expires September 1, 2024.

5 (c-1) Notwithstanding Subsection (c), a district that
6 receives approval from the commissioner to delay an election as
7 provided by Subsection (b-1) may adopt a tax rate for the 2023 tax
8 year before the commissioner certifies that the district has
9 reduced its local revenue level to the level established by Section
10 48.257. This subsection expires September 1, 2024.

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

13 Sec. 49.0042. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD
14 EXEMPTIONS AND LIMITATION ON TAX INCREASES. (a) The commissioner
15 shall approve a district's request under Section 49.004(b-1) to
16 delay the date of an election required under this chapter if the
17 commissioner determines that the district would not have a local
18 revenue level in excess of entitlement if the constitutional
19 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
20 2023, were approved by the voters.

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

23 (c) Not later than the 2024-2025 school year, the
24 commissioner shall order detachment and annexation of property
25 under Subchapter G or consolidation under Subchapter H as necessary
26 to reduce the district's local revenue level to the level
27 established by Section 48.257 for a district that receives approval

1 under this section and subsequently:

2 (1) fails to hold the election; or

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

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

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

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

10 (b) Section 49.012 does not apply to a district that
11 receives approval of a request under Section 49.0042. The district
12 shall hold the election on a Tuesday or Saturday on or before a date
13 specified by the commissioner. Section 41.001, Election Code, does
14 not apply to the election.

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

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

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

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

23 or

24 (2) in the manner provided by Subsection (a)(2),
25 provided that the district notifies the commissioner of the
26 district's election to pay in that manner not later than March 15,
27 2024.

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

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

5 (a-1) Notwithstanding Subsection (a), for the 2023-2024
6 school year, the commissioner shall order any detachments and
7 annexations of property under this subchapter as soon as
8 practicable after the canvass of the votes on the constitutional
9 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
10 2023. This subsection expires September 1, 2024.

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

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

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

27 SECTION 3.15. (a) Sections 11.26(a-1), (a-2), and (a-3),

1 Tax Code, are repealed.

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

4 SECTION 3.16. The changes in law made by this article to
5 Sections 11.13 and 11.26, Tax Code, apply beginning with the ad
6 valorem tax year that begins January 1, 2023.

7 ARTICLE 4. LIMITATION ON INCREASES IN VALUE OF REAL PROPERTY

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

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

17 SECTION 4.02. The heading to Section 23.23, Tax Code, is
18 amended to read as follows:

19 Sec. 23.23. LIMITATION ON APPRAISED VALUE OF REAL PROPERTY
20 [~~RESIDENCE HOMESTEAD~~].

21 SECTION 4.03. Section 23.23, Tax Code, is amended by
22 amending Subsections (a), (b), (c), and (e) and adding Subsections
23 (c-2), (c-3), (c-4), and (h) to read as follows:

24 (a) Notwithstanding the requirements of Section 25.18 and
25 regardless of whether the appraisal office has appraised the
26 property and determined the market value of the property for the tax
27 year, an appraisal office may increase the appraised value of real

1 property [~~a residence homestead~~] for a tax year to an amount not to
2 exceed the lesser of:

3 (1) the market value of the property for the most
4 recent tax year that the market value was determined by the
5 appraisal office; or

6 (2) the sum of:

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

9 (B) the appraised value of the property for the
10 preceding tax year; and

11 (C) the market value of all new improvements to
12 the property.

13 (b) When appraising real property [~~a residence homestead~~],
14 the chief appraiser shall:

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

16 (2) include in the appraisal records both the market
17 value of the property and the amount computed under Subsection
18 (a)(2).

19 (c) The limitation provided by Subsection (a) takes effect
20 on January 1 of the tax year following the first tax year in which
21 the owner owns the property on January 1 [~~as to a residence~~
22 ~~homestead on January 1 of the tax year following the first tax year~~
23 ~~the owner qualifies the property for an exemption under Section~~
24 ~~11.13~~]. Except as provided by Subsection (c-2) or (c-3), the [~~The~~]
25 limitation expires on January 1 of the first tax year following the
26 year in which [~~that neither~~] the owner of the property ceases to own
27 the property.

1 (c-2) If property subject to a limitation under this section
2 qualifies for an exemption under Section 11.13 when the ownership
3 of the property is transferred to the owner's spouse or surviving
4 spouse, the limitation expires on January 1 of the first tax year
5 following the year in which ~~[when the limitation took effect nor]~~
6 the owner's spouse or surviving spouse ceases to own the property,
7 unless the limitation is further continued under this subsection on
8 the subsequent transfer to a spouse or surviving spouse ~~[qualifies~~
9 ~~for an exemption under Section 11.13]~~.

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

15 (c-4) For purposes of applying the limitation provided by
16 this section, a person who acquired real property in a tax year
17 before the 2023 tax year, other than property that qualified as the
18 residence homestead of the person under Section 11.13 in the 2023
19 tax year, is considered to have acquired the property on January 1,
20 2023.

21 (e) In this section, "new improvement" means an improvement
22 to real property ~~[a residence homestead]~~ made after the most recent
23 appraisal of the property that increases the market value of the
24 property and the value of which is not included in the appraised
25 value of the property for the preceding tax year. The term does not
26 include repairs to or ordinary maintenance of an existing structure
27 or the grounds or another feature of the property.

1 (h) In this section, "real property" includes a
2 manufactured home as that term is defined by Section 1201.003,
3 Occupations Code, that qualifies as a residence homestead under
4 Section 11.13 of this code, regardless of whether the owner of the
5 manufactured home elects to treat the manufactured home as real
6 property under Section 1201.2055, Occupations Code.

7 SECTION 4.04. Section 42.26(d), Tax Code, is amended to
8 read as follows:

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

15 SECTION 4.05. Sections 403.302(d) and (i), Government Code,
16 are amended to read as follows:

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

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

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

27 (3) the total dollar amount of any exemptions granted

1 before May 31, 1993, within a reinvestment zone under agreements
2 authorized by Chapter 312, Tax Code;

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

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

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

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

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

24 (A) is within a reinvestment zone:

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

27 (ii) the project plan for which includes

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

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

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

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

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

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

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

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

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

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

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

15 (13) the amount by which the market value of property
16 [~~a residence homestead~~] to which Section 23.23, Tax Code, applies
17 exceeds the appraised value of that property as calculated under
18 that section; and

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

21 (i) If the comptroller determines in the study that the
22 market value of property in a school district as determined by the
23 appraisal district that appraises property for the school district,
24 less the total of the amounts and values listed in Subsection (d) as
25 determined by that appraisal district, is valid, the comptroller,
26 in determining the taxable value of property in the school district
27 under Subsection (d), shall for purposes of Subsection (d)(13)

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

18 SECTION 4.06. Section 23.23(c-1), Tax Code, is repealed.

19 SECTION 4.07. This article applies only to the appraisal
20 for ad valorem tax purposes of property for a tax year that begins
21 on or after the effective date of this article.

22 ARTICLE 5. ESCROW ACCOUNTS

23 SECTION 5.01. Section 31.072(a), Tax Code, is amended to
24 read as follows:

25 (a) At the request of a property owner, the [~~The~~] collector
26 for a taxing unit shall [~~may~~] enter a contract with the [~~a~~] property
27 owner under which the property owner deposits money in an escrow

1 account maintained by the collector to provide for the payment of
2 property taxes collected by the collector on any property the
3 person owns.

4 SECTION 5.02. Sections 31.072(h) and (i), Tax Code, are
5 repealed.

6 SECTION 5.03. This article applies only to a tax year that
7 begins on or after the effective date of this article.

8 ARTICLE 6. TRANSITIONAL TAX YEAR PROVISIONS

9 SECTION 6.01. Section 25.23, Tax Code, is amended by adding
10 Subsection (a-1) to read as follows:

11 (a-1) This subsection applies only to the appraisal records
12 for the 2023 tax year. The chief appraiser shall prepare
13 supplemental appraisal records to account for the changes in law
14 made by S.B. 3, Acts of the 88th Legislature, Regular Session, 2023.
15 This subsection expires December 31, 2024.

16 SECTION 6.02. Section 26.04, Tax Code, is amended by adding
17 Subsections (a-1) and (c-1) to read as follows:

18 (a-1) On receipt of the appraisal roll for the 2023 tax
19 year, the assessor for a taxing unit shall determine the total
20 taxable value of property taxable by the taxing unit and the taxable
21 value of new property as if the changes in law made by S.B. 3, Acts
22 of the 88th Legislature, Regular Session, 2023, were in effect for
23 that tax year. This subsection expires December 31, 2024.

24 (c-1) An officer or employee designated by the governing
25 body of a taxing unit shall calculate the no-new-revenue tax rate
26 and the voter-approval tax rate of the taxing unit for the 2023 tax
27 year as if the changes in law made by S.B. 3, Acts of the 88th

1 Legislature, Regular Session, 2023, were in effect for that tax
2 year. This subsection expires December 31, 2024.

3 SECTION 6.03. Chapter 26, Tax Code, is amended by adding
4 Section 26.0401 to read as follows:

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

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

14 SECTION 6.04. Section 26.08, Tax Code, is amended by adding
15 Subsection (q) to read as follows:

16 (q) For purposes of this section, the voter-approval tax
17 rate of a school district for the 2023 tax year shall be calculated
18 as if the changes in law made by S.B. 3, Acts of the 88th
19 Legislature, Regular Session, 2023, were in effect for that tax
20 year. This subsection expires December 31, 2024.

21 SECTION 6.05. Section 26.09, Tax Code, is amended by adding
22 Subsection (c-1) to read as follows:

23 (c-1) The assessor for a taxing unit shall calculate the
24 amount of tax imposed by the taxing unit on real property for the
25 2023 tax year as if the changes in law made by S.B. 3, Acts of the
26 88th Legislature, Regular Session, 2023, were in effect for that
27 tax year and also as if the changes in law made by that Act were not

1 in effect for that tax year. This subsection expires December 31,
2 2024.

3 SECTION 6.06. Section 26.15, Tax Code, is amended by adding
4 Subsection (h) to read as follows:

5 (h) The assessor for a taxing unit shall correct the tax
6 roll for the taxing unit for the 2023 tax year to reflect the
7 results of the election to approve the constitutional amendment
8 proposed by S.J.R. 3, 88th Legislature, Regular Session, 2023.
9 This subsection expires December 31, 2024.

10 SECTION 6.07. Section 31.01, Tax Code, is amended by adding
11 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

12 (d-2) This subsection and Subsections (d-3) and (d-4) apply
13 only to taxes imposed by a taxing unit on real property for the 2023
14 tax year and only if the changes in law made by S.B. 3, Acts of the
15 88th Legislature, Regular Session, 2023, would lower the taxes
16 imposed by the taxing unit on the property for that tax year. The
17 assessor for the taxing unit shall compute the amount of taxes
18 imposed and the other information required by this section as if the
19 changes in law made by S.B. 3, Acts of the 88th Legislature, Regular
20 Session, 2023, were in effect for that tax year. The tax bill or the
21 separate statement must indicate that the bill is a provisional tax
22 bill and include a statement in substantially the following form:

23 "If the Texas Legislature had not enacted property tax relief
24 legislation during the 2023 legislative session, your tax bill
25 would have been \$_____ (insert amount of tax bill if the changes in
26 law made by S.B. 3, Acts of the 88th Legislature, Regular Session,
27 2023, were not in effect for that tax year). Because of action by

1 the Texas Legislature, your tax bill has been lowered by \$_____
2 (insert difference between amount of tax bill if the changes in law
3 made by S.B. 3, Acts of the 88th Legislature, Regular Session,
4 2023, were not in effect for that tax year and amount of tax bill if
5 that Act were in effect for that tax year), resulting in a lower tax
6 bill of \$_____ (insert amount of tax bill if the changes in law made
7 by S.B. 3, Acts of the 88th Legislature, Regular Session, 2023, were
8 in effect for that tax year), contingent on the approval by the
9 voters at an election to be held November 7, 2023, of the
10 constitutional amendment proposed by S.J.R. 3, 88th Legislature,
11 Regular Session, 2023. If that constitutional amendment is not
12 approved by the voters at the election, a supplemental tax bill in
13 the amount of \$_____ (insert difference between amount of tax bill if
14 the changes in law made by S.B. 3, Acts of the 88th Legislature,
15 Regular Session, 2023, were not in effect for that tax year and
16 amount of tax bill if that Act were in effect for that tax year) will
17 be mailed to you."

18 (d-3) A tax bill prepared by the assessor for a taxing unit
19 as provided by Subsection (d-2) and mailed as provided by
20 Subsection (a) is considered to be a provisional tax bill until the
21 canvass of the votes on the constitutional amendment proposed by
22 S.J.R. 3, 88th Legislature, Regular Session, 2023. If the
23 constitutional amendment is approved by the voters, the tax bill is
24 considered to be a final tax bill for the taxes imposed on the
25 property for the 2023 tax year, and no additional tax bill is
26 required to be mailed unless another provision of this title
27 requires the mailing of a corrected tax bill. If the constitutional

1 amendment is not approved by the voters:

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

6 (2) the amount of taxes imposed by each taxing unit on
7 real property for the 2023 tax year is calculated as if the changes
8 in law made by S.B. 3, Acts of the 88th Legislature, Regular
9 Session, 2023, were not in effect for that tax year; and

10 (3) except as provided by Subsections (f), (i-1), and
11 (k), the assessor for each taxing unit shall prepare and mail a
12 supplemental tax bill, by December 1 or as soon thereafter as
13 practicable, in an amount equal to the difference between the
14 amount of the tax bill if the changes in law made by S.B. 3, Acts of
15 the 88th Legislature, Regular Session, 2023, were not in effect for
16 that tax year and the amount of the tax bill if that Act were in
17 effect for that tax year.

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

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

23 SECTION 6.08. Section 31.02, Tax Code, is amended by adding
24 Subsection (a-1) to read as follows:

25 (a-1) Except as provided by Subsection (b) of this section
26 and Sections 31.03 and 31.04, taxes for which a supplemental tax
27 bill is mailed under Section 31.01(d-3) are due on receipt of the

1 tax bill and are delinquent if not paid before March 1 of the year
2 following the year in which imposed. This subsection expires
3 December 31, 2024.

4 ARTICLE 7. EFFECTIVE DATES

5 SECTION 7.01. Except as otherwise provided by this article,
6 this Act takes effect September 1, 2023.

7 SECTION 7.02. (a) Except as provided by Subsection (b) of
8 this section or as otherwise provided by Article 3 of this Act:

9 (1) Article 3 of this Act takes effect on the date on
10 which the constitutional amendment proposed by S.J.R. 3, 88th
11 Legislature, Regular Session, 2023, takes effect; and

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

14 (b) Sections 49.004(a-1), (b-1), and (c-1), 49.0042,
15 49.0121, 49.154(a-2) and (a-3), and 49.308(a-1), Education Code, as
16 added by Article 3 of this Act, take effect immediately if this Act
17 receives a vote of two-thirds of all the members elected to each
18 house, as provided by Section 39, Article III, Texas Constitution.
19 If this Act does not receive the vote necessary for those sections
20 to have immediate effect, those sections take effect on the 91st day
21 after the last day of the legislative session.

22 SECTION 7.03. Article 4 of this Act takes effect on the date
23 on which the constitutional amendment proposed by S.J.R. 3, 88th
24 Legislature, Regular Session, 2023, is approved by the voters. If
25 that amendment is not approved by the voters, Article 4 of this Act
26 has no effect.

27 SECTION 7.04. Article 5 of this Act takes effect January 1,

1 2024.

2 SECTION 7.05. Article 6 of this Act takes effect
3 immediately if this Act receives a vote of two-thirds of all the
4 members elected to each house, as provided by Section 39, Article
5 III, Texas Constitution. If this Act does not receive the vote
6 necessary for that article to have immediate effect, Article 6 of
7 this Act takes effect on the 91st day after the last day of the
8 legislative session.