

1-1 By: Bettencourt, et al. S.B. No. 3
 1-2 (In the Senate - Filed March 1, 2023; March 3, 2023, read
 1-3 first time and referred to Committee on Local Government;
 1-4 March 13, 2023, rereferred to Committee on Finance; March 20, 2023,
 1-5 reported adversely, with favorable Committee Substitute by the
 1-6 following vote: Yeas 17, Nays 0; March 20, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23	X			
1-24	X			
1-25	X			

1-26 COMMITTEE SUBSTITUTE FOR S.B. No. 3 By: Bettencourt

1-27 A BILL TO BE ENTITLED
 1-28 AN ACT

1-29 relating to an increase in the amount of certain exemptions from ad
 1-30 valorem taxation by a school district applicable to residence
 1-31 homesteads, an adjustment in the amount of the limitation on school
 1-32 district ad valorem taxes imposed on the residence homesteads of
 1-33 the elderly or disabled to reflect increases in the exemption
 1-34 amounts, and the protection of school districts against the
 1-35 resulting loss in local revenue.

1-36 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-37 SECTION 1. Sections 11.13(b) and (c), Tax Code, are amended
 1-38 to read as follows:

1-39 (b) An adult is entitled to exemption from taxation by a
 1-40 school district of \$70,000 [~~\$40,000~~] of the appraised value of the
 1-41 adult's residence homestead, except that only \$5,000 of the
 1-42 exemption applies to an entity operating under former Chapter 17,
 1-43 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
 1-44 May 1, 1995, as permitted by Section 11.301, Education Code.

1-45 (c) In addition to the exemption provided by Subsection (b)
 1-46 [~~of this section~~], an adult who is disabled or is 65 or older is
 1-47 entitled to an exemption from taxation by a school district of
 1-48 \$30,000 [~~\$10,000~~] of the appraised value of the person's [~~his~~]
 1-49 residence homestead.

1-50 SECTION 2. Section 11.26, Tax Code, is amended by amending
 1-51 Subsections (a), (a-10), and (o) and adding Subsections (a-11) and
 1-52 (a-12) to read as follows:

1-53 (a) The tax officials shall appraise the property to which
 1-54 this section applies and calculate taxes as on other property, but
 1-55 if the tax so calculated exceeds the limitation imposed by this
 1-56 section, the tax imposed is the amount of the tax as limited by this
 1-57 section, except as otherwise provided by this section. A school
 1-58 district may not increase the total annual amount of ad valorem tax
 1-59 it imposes on the residence homestead of an individual 65 years of
 1-60 age or older or on the residence homestead of an individual who is

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

2-25 (a-10) Notwithstanding the other provisions of this
 2-26 section, if in the 2024 or a subsequent tax year an individual
 2-27 qualifies for a limitation on tax increases provided by this
 2-28 section on the individual's residence homestead, the amount of the
 2-29 limitation provided by this section on the homestead is equal to the
 2-30 amount computed by:

2-31 (1) multiplying the taxable value of the homestead in
 2-32 the preceding tax year by a tax rate equal to the difference between
 2-33 the school district's maximum compressed rate for the preceding tax
 2-34 year and the district's maximum compressed rate for the current tax
 2-35 year;

2-36 (2) subtracting the amount computed under Subdivision
 2-37 (1) from the amount of tax the district imposed on the homestead in
 2-38 the preceding tax year; ~~and~~

2-39 (3) adding any tax imposed in the current tax year
 2-40 attributable to improvements made in the preceding tax year as
 2-41 provided by Subsection (b) to the amount computed under Subdivision
 2-42 (2);

2-43 (4) multiplying the amount of any increase in the
 2-44 current tax year as compared to the preceding tax year in the
 2-45 aggregate amount of the exemptions to which the individual is
 2-46 entitled under Sections 11.13(b) and (c) by the school district's
 2-47 tax rate for the current tax year; and

2-48 (5) subtracting the amount computed under Subdivision
 2-49 (4) from the amount computed under Subdivision (3).

2-50 (a-11) This subsection applies only to an individual who in
 2-51 the 2023 tax year qualifies for a limitation under this section and
 2-52 for whom the 2022 tax year or an earlier tax year was the first tax
 2-53 year the individual or the individual's spouse qualified for an
 2-54 exemption under Section 11.13(c). The amount of the limitation
 2-55 provided by this section on the residence homestead of an
 2-56 individual to which this subsection applies for the 2023 tax year is
 2-57 the amount of the limitation as computed under Subsection (a-5),
 2-58 (a-6), (a-7), (a-8), or (a-9) of this section, as applicable, less
 2-59 an amount equal to the product of \$50,000 and the tax rate of the
 2-60 school district for the 2023 tax year. This subsection expires
 2-61 January 1, 2025.

2-62 (a-12) This subsection applies only to an individual who in
 2-63 the 2023 tax year qualifies for a limitation under this section and
 2-64 for whom the 2021 tax year or an earlier tax year was the first tax
 2-65 year the individual or the individual's spouse qualified for an
 2-66 exemption under Section 11.13(c). The amount of the limitation
 2-67 provided by this section on the residence homestead of an
 2-68 individual to which this subsection applies for the 2023 tax year is
 2-69 the amount of the limitation as computed under Subsection (a-11) of

3-1 this section less an amount equal to the product of \$15,000 and the
 3-2 tax rate of the school district for the 2022 tax year. This
 3-3 subsection expires January 1, 2025.

3-4 (o) Notwithstanding Subsections (a)[~~, (a-3),~~] and (b), an
 3-5 improvement to property that would otherwise constitute an
 3-6 improvement under Subsection (b) is not treated as an improvement
 3-7 under that subsection if the improvement is a replacement structure
 3-8 for a structure that was rendered uninhabitable or unusable by a
 3-9 casualty or by wind or water damage. For purposes of appraising the
 3-10 property in the tax year in which the structure would have
 3-11 constituted an improvement under Subsection (b), the replacement
 3-12 structure is considered to be an improvement under that subsection
 3-13 only if:

3-14 (1) the square footage of the replacement structure
 3-15 exceeds that of the replaced structure as that structure existed
 3-16 before the casualty or damage occurred; or

3-17 (2) the exterior of the replacement structure is of
 3-18 higher quality construction and composition than that of the
 3-19 replaced structure.

3-20 SECTION 3. Section 25.23, Tax Code, is amended by adding
 3-21 Subsection (a-1) to read as follows:

3-22 (a-1) This subsection applies only to the appraisal records
 3-23 for the 2023 tax year. If the appraisal records submitted to the
 3-24 appraisal review board include the taxable value of residence
 3-25 homesteads or show the amount of the exemptions under Sections
 3-26 11.13(b) and (c) applicable to residence homesteads, the chief
 3-27 appraiser shall prepare supplemental appraisal records that
 3-28 reflect exemption amounts under those sections of \$70,000 and
 3-29 \$30,000, respectively. This subsection expires December 31, 2024.

3-30 SECTION 4. Section 26.04, Tax Code, is amended by adding
 3-31 Subsections (a-1) and (c-1) to read as follows:

3-32 (a-1) On receipt of the appraisal roll for the 2023 tax
 3-33 year, the assessor for a school district shall determine the total
 3-34 taxable value of property taxable by the school district and the
 3-35 taxable value of new property based on a residence homestead
 3-36 exemption under Section 11.13(b) of \$70,000 and a residence
 3-37 homestead exemption under Section 11.13(c) of \$30,000. This
 3-38 subsection expires December 31, 2024.

3-39 (c-1) An officer or employee designated by the governing
 3-40 body of a school district shall calculate the no-new-revenue tax
 3-41 rate and the voter-approval tax rate of the school district for the
 3-42 2023 tax year based on a residence homestead exemption under
 3-43 Section 11.13(b) of \$70,000 and a residence homestead exemption
 3-44 under Section 11.13(c) of \$30,000. This subsection expires
 3-45 December 31, 2024.

3-46 SECTION 5. Section 26.08, Tax Code, is amended by adding
 3-47 Subsection (q) to read as follows:

3-48 (q) For purposes of this section, the voter-approval tax
 3-49 rate of a school district for the 2023 tax year shall be calculated
 3-50 based on a residence homestead exemption under Section 11.13(b) of
 3-51 \$70,000 and a residence homestead exemption under Section 11.13(c)
 3-52 of \$30,000. This subsection expires December 31, 2024.

3-53 SECTION 6. Section 26.09, Tax Code, is amended by adding
 3-54 Subsection (c-1) to read as follows:

3-55 (c-1) The assessor for a school district shall calculate the
 3-56 amount of tax imposed by the school district on a residence
 3-57 homestead for the 2023 tax year based on exemptions under Sections
 3-58 11.13(b) and (c) of \$40,000 and \$10,000, respectively, and
 3-59 separately based on exemptions under those subsections of \$70,000
 3-60 and \$30,000, respectively. This subsection expires December 31,
 3-61 2024.

3-62 SECTION 7. Section 26.15, Tax Code, is amended by adding
 3-63 Subsection (h) to read as follows:

3-64 (h) The assessor for a school district shall correct the tax
 3-65 roll for the school district for the 2023 tax year to reflect the
 3-66 results of the election to approve the constitutional amendment
 3-67 proposed by S.J.R. 3, 88th Legislature, Regular Session, 2023.
 3-68 This subsection expires December 31, 2024.

3-69 SECTION 8. Section 31.01, Tax Code, is amended by adding

4-1 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

4-2 (d-2) This subsection and Subsections (d-3) and (d-4) apply
 4-3 only to taxes imposed by a school district on a residence homestead
 4-4 for the 2023 tax year. The assessor for the school district shall
 4-5 compute the amount of taxes imposed and the other information
 4-6 required by this section based on a residence homestead exemption
 4-7 under Section 11.13(b) of \$70,000 and a residence homestead
 4-8 exemption under Section 11.13(c) of \$30,000. The tax bill or the
 4-9 separate statement must indicate that the bill is a provisional tax
 4-10 bill and include a statement in substantially the following form:

4-11 "If the amount of the exemption from ad valorem taxation by a
 4-12 school district of a residence homestead had not been increased by
 4-13 the Texas Legislature, your tax bill would have been \$_____ (insert
 4-14 amount equal to the sum of the amount calculated under Section
 4-15 26.09(c-1) based on an exemption under Section 11.13(b) of \$40,000
 4-16 and an exemption under Section 11.13(c) of \$10,000 and the total
 4-17 amount of taxes imposed by the other taxing units whose taxes are
 4-18 included in the bill). Because of action by the Texas Legislature
 4-19 increasing the amounts of certain residence homestead exemptions,
 4-20 your tax bill has been lowered by \$_____ (insert difference between
 4-21 amount calculated under Section 26.09(c-1) based on an exemption
 4-22 under Section 11.13(b) of \$40,000 and an exemption under Section
 4-23 11.13(c) of \$10,000 and amount calculated under Section 26.09(c-1)
 4-24 based on an exemption under Section 11.13(b) of \$70,000 and an
 4-25 exemption under Section 11.13(c) of \$30,000), resulting in a lower
 4-26 tax bill of \$_____ (insert amount equal to the sum of the amount
 4-27 calculated under Section 26.09(c-1) based on an exemption under
 4-28 Section 11.13(b) of \$70,000 and an exemption under Section 11.13(c)
 4-29 of \$30,000 and the total amount of taxes imposed by the other taxing
 4-30 units whose taxes are included in the bill), contingent on the
 4-31 approval by the voters at an election to be held November 7, 2023,
 4-32 of a constitutional amendment authorizing the increase in the
 4-33 amounts of certain residence homestead exemptions. If the
 4-34 constitutional amendment is not approved by the voters at the
 4-35 election, a supplemental school district tax bill in the amount of
 4-36 \$_____ (insert difference between amount calculated under Section
 4-37 26.09(c-1) based on an exemption under Section 11.13(b) of \$40,000
 4-38 and an exemption under Section 11.13(c) of \$10,000 and amount
 4-39 calculated under Section 26.09(c-1) based on an exemption under
 4-40 Section 11.13(b) of \$70,000 and an exemption under Section 11.13(c)
 4-41 of \$30,000) will be mailed to you."

4-42 (d-3) A tax bill prepared by the assessor for a school
 4-43 district as provided by Subsection (d-2) and mailed to a person in
 4-44 whose name property subject to an exemption under Section 11.13(b)
 4-45 or (c) is listed on the tax roll and to the person's authorized
 4-46 agent as provided by Subsection (a) of this section is considered to
 4-47 be a provisional tax bill until the canvass of the votes on the
 4-48 constitutional amendment proposed by S.J.R. 3, 88th Legislature,
 4-49 Regular Session, 2023. If the constitutional amendment is approved
 4-50 by the voters, the tax bill is considered to be a final tax bill for
 4-51 the taxes imposed on the property for the 2023 tax year, and no
 4-52 additional tax bill is required to be mailed to the person and to
 4-53 the person's authorized agent, unless another provision of this
 4-54 title requires the mailing of a corrected tax bill. If the
 4-55 constitutional amendment is not approved by the voters:

4-56 (1) a tax bill prepared by the assessor for a school
 4-57 district as provided by Subsection (d-2) and mailed to a person in
 4-58 whose name property subject to an exemption under Section 11.13(b)
 4-59 or (c) is listed on the tax roll and to the person's authorized
 4-60 agent as provided by Subsection (a) of this section is considered to
 4-61 be a final tax bill but only as to the portion of the taxes imposed
 4-62 on the property for the 2023 tax year that are included in the bill;

4-63 (2) the amount of taxes imposed by each school
 4-64 district on a residence homestead for the 2023 tax year is
 4-65 calculated based on an exemption under Section 11.13(b) of \$40,000
 4-66 and an exemption under Section 11.13(c) of \$10,000; and

4-67 (3) except as provided by Subsections (f), (i-1), and
 4-68 (k), the assessor for each school district shall prepare and mail a
 4-69 supplemental tax bill, by December 1 or as soon thereafter as

5-1 practicable, to each person in whose name property subject to an
 5-2 exemption under Section 11.13(b) or (c) is listed on the tax roll
 5-3 and to the person's authorized agent in an amount equal to the
 5-4 difference between the amount calculated under Section 26.09(c-1)
 5-5 based on an exemption under Section 11.13(b) of \$40,000 and an
 5-6 exemption under Section 11.13(c) of \$10,000 and the amount
 5-7 calculated under Section 26.09(c-1) based on an exemption under
 5-8 Section 11.13(b) of \$70,000 and an exemption under Section 11.13(c)
 5-9 of \$30,000.

5-10 (d-4) Except as otherwise provided by Subsection (d-3), the
 5-11 provisions of this section other than Subsection (d-2) apply to a
 5-12 supplemental tax bill mailed under Subsection (d-3).

5-13 (d-5) This subsection and Subsections (d-2), (d-3), and
 5-14 (d-4) expire December 31, 2024.

5-15 SECTION 9. Section 31.02, Tax Code, is amended by adding
 5-16 Subsection (a-1) to read as follows:

5-17 (a-1) Except as provided by Subsection (b) of this section
 5-18 and Sections 31.03 and 31.04, taxes for which a supplemental tax
 5-19 bill is mailed under Section 31.01(d-3) are due on receipt of the
 5-20 tax bill and are delinquent if not paid before March 1 of the year
 5-21 following the year in which imposed. This subsection expires
 5-22 December 31, 2024.

5-23 SECTION 10. Section 46.071, Education Code, is amended by
 5-24 amending Subsections (a-1) and (b-1) and adding Subsections (a-2),
 5-25 (b-2), and (c-2) to read as follows:

5-26 (a-1) For ~~Beginning with~~ the 2022-2023 school year, a
 5-27 school district is entitled to additional state aid under this
 5-28 subchapter to the extent that state and local revenue used to
 5-29 service debt eligible under this chapter is less than the state and
 5-30 local revenue that would have been available to the district under
 5-31 this chapter as it existed on September 1, 2021, if any increase in
 5-32 the residence homestead exemption under Section 1-b(c), Article
 5-33 VIII, Texas Constitution, as proposed by the 87th Legislature, 3rd
 5-34 Called Session, 2021, had not occurred.

5-35 (a-2) Beginning with the 2023-2024 school year, a school
 5-36 district is entitled to additional state aid under this subchapter
 5-37 to the extent that state and local revenue used to service debt
 5-38 eligible under this chapter is less than the state and local revenue
 5-39 that would have been available to the district under this chapter as
 5-40 it existed on September 1, 2022, if any increase in a residence
 5-41 homestead exemption under Section 1-b(c), Article VIII, Texas
 5-42 Constitution, and any additional limitation on tax increases under
 5-43 Section 1-b(d) of that article as proposed by the 88th Legislature,
 5-44 Regular Session, 2023, had not occurred.

5-45 (b-1) Subject to Subsections (c-1), (d), and (e),
 5-46 additional state aid under this section for ~~beginning with~~ the
 5-47 2022-2023 school year is equal to the amount by which the loss of
 5-48 local interest and sinking revenue for debt service attributable to
 5-49 any increase in the residence homestead exemption under Section
 5-50 1-b(c), Article VIII, Texas Constitution, as proposed by the 87th
 5-51 Legislature, 3rd Called Session, 2021, is not offset by a gain in
 5-52 state aid under this chapter.

5-53 (b-2) Subject to Subsections (c-2), (d), and (e),
 5-54 additional state aid under this section beginning with the
 5-55 2023-2024 school year is equal to the amount by which the loss of
 5-56 local interest and sinking revenue for debt service attributable to
 5-57 any increase in a residence homestead exemption under Section
 5-58 1-b(c), Article VIII, Texas Constitution, and any additional
 5-59 limitation on tax increases under Section 1-b(d) of that article as
 5-60 proposed by the 88th Legislature, Regular Session, 2023, is not
 5-61 offset by a gain in state aid under this chapter.

5-62 (c-2) For the purpose of determining state aid under
 5-63 Subsections (a-2) and (b-2), local interest and sinking revenue for
 5-64 debt service is limited to revenue required to service debt
 5-65 eligible under this chapter as of September 1, 2022, including
 5-66 refunding of that debt, subject to Section 46.061. The limitation
 5-67 imposed by Section 46.034(a) does not apply for the purpose of
 5-68 determining state aid under this section.

5-69 SECTION 11. Section 48.2542, Education Code, is amended to

6-1 read as follows:

6-2 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
6-3 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
6-4 Notwithstanding any other provision of this chapter, if a school
6-5 district is not fully compensated through state aid or the
6-6 calculation of excess local revenue under this chapter based on the
6-7 determination of the district's taxable value of property under
6-8 Subchapter M, Chapter 403, Government Code, the district is
6-9 entitled to additional state aid in the amount necessary to fully
6-10 compensate the district for the amount of ad valorem tax revenue
6-11 lost due to a reduction of the amount of the limitation on tax
6-12 increases provided by Sections 11.26(a-4), (a-5), (a-6), (a-7),
6-13 (a-8), (a-9), ~~[and]~~ (a-10), (a-11), and (a-12), Tax Code, as
6-14 applicable.

6-15 SECTION 12. Effective January 1, 2025, Section 48.2542,
6-16 Education Code, is amended to read as follows:

6-17 Sec. 48.2542. ADDITIONAL STATE AID FOR ADJUSTMENT OF
6-18 LIMITATION ON TAX INCREASES ON HOMESTEAD OF ELDERLY OR DISABLED.
6-19 Notwithstanding any other provision of this chapter, if a school
6-20 district is not fully compensated through state aid or the
6-21 calculation of excess local revenue under this chapter based on the
6-22 determination of the district's taxable value of property under
6-23 Subchapter M, Chapter 403, Government Code, the district is
6-24 entitled to additional state aid in the amount necessary to fully
6-25 compensate the district for the amount of ad valorem tax revenue
6-26 lost due to a reduction of the amount of the limitation on tax
6-27 increases provided by Section 11.26(a-10) [~~Sections 11.26(a-4),~~
6-28 ~~(a-5), (a-6), (a-7), (a-8), (a-9), and (a-10)]~~, Tax Code [~~as~~
6-29 ~~applicable~~].

6-30 SECTION 13. Section 48.2543, Education Code, is amended to
6-31 read as follows:

6-32 Sec. 48.2543. ADDITIONAL STATE AID FOR HOMESTEAD EXEMPTION.
6-33 (a) For [~~Beginning with~~] the 2022-2023 school year, a school
6-34 district is entitled to additional state aid to the extent that
6-35 state and local revenue under this chapter and Chapter 49 is less
6-36 than the state and local revenue that would have been available to
6-37 the district under this chapter and Chapter 49 as those chapters
6-38 existed on September 1, 2021, if any increase in the residence
6-39 homestead exemption under Section 1-b(c), Article VIII, Texas
6-40 Constitution, as proposed by the 87th Legislature, 3rd Called
6-41 Session, 2021, had not occurred.

6-42 (a-1) Beginning with the 2023-2024 school year, a school
6-43 district is entitled to additional state aid to the extent that
6-44 state and local revenue under this chapter and Chapter 49 is less
6-45 than the state and local revenue that would have been available to
6-46 the district under this chapter and Chapter 49 as those chapters
6-47 existed on September 1, 2022, if any increase in a residence
6-48 homestead exemption under Section 1-b(c), Article VIII, Texas
6-49 Constitution, and any additional limitation on tax increases under
6-50 Section 1-b(d) of that article as proposed by the 88th Legislature,
6-51 Regular Session, 2023, had not occurred.

6-52 (b) The lesser of the school district's currently adopted
6-53 maintenance and operations tax rate or the adopted maintenance and
6-54 operations tax rate for:

6-55 (1) the 2021 tax year is used for the purpose of
6-56 determining additional state aid under Subsection (a); and
6-57 (2) the 2022 tax year is used for the purpose of
6-58 determining additional state aid under Subsection (a-1).

6-59 SECTION 14. Section 48.2556(a), Education Code, is amended
6-60 to read as follows:

6-61 (a) The agency shall post the following information on the
6-62 agency's Internet website for purposes of allowing the chief
6-63 appraiser of each appraisal district and the assessor for each
6-64 school district to make the calculations required by Sections
6-65 11.26(a-5), (a-6), (a-7), (a-8), (a-9), ~~[and]~~ (a-10), (a-11), and
6-66 (a-12), Tax Code:

6-67 (1) each school district's maximum compressed rate, as
6-68 determined under Section 48.2551, for each tax year beginning with
6-69 the 2019 tax year; and

7-1 (2) each school district's tier one maintenance and
7-2 operations tax rate, as provided by Section 45.0032(a), for the
7-3 2018 tax year.

7-4 SECTION 15. Effective January 1, 2025, Section 48.2556(a),
7-5 Education Code, is amended to read as follows:

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

7-14 [1] each school district's maximum compressed rate,
7-15 as determined under Section 48.2551, for the current [each] tax
7-16 year and the preceding [beginning with the 2019] tax year [, and

7-17 [2] each school district's tier one maintenance and
7-18 operations tax rate, as provided by Section 45.0032(a), for the
7-19 2018 tax year].

7-20 SECTION 16. Section 49.004, Education Code, is amended by
7-21 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

7-22 (a-1) This subsection applies only if the constitutional
7-23 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
7-24 2023, is approved by the voters in an election held for that
7-25 purpose. As soon as practicable after receiving revised property
7-26 values that reflect adoption of the constitutional amendment, the
7-27 commissioner shall review the local revenue level of districts in
7-28 the state and revise as necessary the notifications provided under
7-29 Subsection (a) for the 2023-2024 school year. This subsection
7-30 expires September 1, 2024.

7-31 (b-1) This subsection applies only to a district that has
7-32 not previously held an election under this chapter. Notwithstanding
7-33 Subsection (b), a district that enters into an agreement to
7-34 exercise an option to reduce the district's local revenue level in
7-35 excess of entitlement under Section 49.002(3), (4), or (5) for the
7-36 2023-2024 school year may request and, as provided by Section
7-37 49.0042(a), receive approval from the commissioner to delay the
7-38 date of the election otherwise required to be ordered before
7-39 September 1. This subsection expires September 1, 2024.

7-40 (c-1) Notwithstanding Subsection (c), a district that
7-41 receives approval from the commissioner to delay an election as
7-42 provided by Subsection (b-1) may adopt a tax rate for the 2023 tax
7-43 year before the commissioner certifies that the district has
7-44 reduced its local revenue level to the level established by Section
7-45 48.257. This subsection expires September 1, 2024.

7-46 SECTION 17. Subchapter A, Chapter 49, Education Code, is
7-47 amended by adding Section 49.0042 to read as follows:

7-48 Sec. 49.0042. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD
7-49 EXEMPTIONS AND LIMITATION ON TAX INCREASES. (a) The commissioner
7-50 shall approve a district's request under Section 49.004(b-1) to
7-51 delay the date of an election required under this chapter if the
7-52 commissioner determines that the district would not have a local
7-53 revenue level in excess of entitlement if the constitutional
7-54 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
7-55 2023, were approved by the voters.

7-56 (b) The commissioner shall set a date by which each district
7-57 that receives approval under this section must order the election.

7-58 (c) Not later than the 2024-2025 school year, the
7-59 commissioner shall order detachment and annexation of property
7-60 under Subchapter G or consolidation under Subchapter H as necessary
7-61 to reduce the district's local revenue level to the level
7-62 established by Section 48.257 for a district that receives approval
7-63 under this section and subsequently:

- 7-64 (1) fails to hold the election; or
- 7-65 (2) does not receive voter approval at the election.

7-66 (d) This section expires September 1, 2025.

7-67 SECTION 18. Subchapter A, Chapter 49, Education Code, is
7-68 amended by adding Section 49.0121 to read as follows:

7-69 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This

8-1 section applies only to an election under this chapter that occurs
 8-2 during the 2023-2024 school year.

8-3 (b) Section 49.012 does not apply to a district that
 8-4 receives approval of a request under Section 49.0042. The district
 8-5 shall hold the election on a Tuesday or Saturday on or before a date
 8-6 specified by the commissioner. Section 41.001, Election Code, does
 8-7 not apply to the election.

8-8 (c) This section expires September 1, 2024.

8-9 SECTION 19. Section 49.154, Education Code, is amended by
 8-10 adding Subsections (a-2) and (a-3) to read as follows:

8-11 (a-2) Notwithstanding Subsections (a) and (a-1), a district
 8-12 that receives approval of a request under Section 49.0042 shall pay
 8-13 for credit purchased:

8-14 (1) in equal monthly payments as determined by the
 8-15 commissioner beginning March 15, 2024, and ending August 15, 2024;
 8-16 or

8-17 (2) in the manner provided by Subsection (a)(2),
 8-18 provided that the district notifies the commissioner of the
 8-19 district's election to pay in that manner not later than March 15,
 8-20 2024.

8-21 (a-3) Subsection (a-2) and this subsection expire September
 8-22 1, 2024.

8-23 SECTION 20. Section 49.308, Education Code, is amended by
 8-24 adding Subsection (a-1) to read as follows:

8-25 (a-1) Notwithstanding Subsection (a), for the 2023-2024
 8-26 school year, the commissioner shall order any detachments and
 8-27 annexations of property under this subchapter as soon as
 8-28 practicable after the canvass of the votes on the constitutional
 8-29 amendment proposed by S.J.R. 3, 88th Legislature, Regular Session,
 8-30 2023. This subsection expires September 1, 2024.

8-31 SECTION 21. Section 403.302, Government Code, is amended by
 8-32 amending Subsection (j-1) and adding Subsection (j-2) to read as
 8-33 follows:

8-34 (j-1) In the final certification of the study under
 8-35 Subsection (j), the comptroller shall separately identify the final
 8-36 taxable value for each school district as adjusted to account for
 8-37 the reduction of the amount of the limitation on tax increases
 8-38 provided by Section 11.26(a-10) [~~Sections 11.26(a-4), (a-5),~~
 8-39 ~~(a-6), (a-7), (a-8), (a-9), and (a-10)], Tax Code[, as applicable].~~

8-40 (j-2) In the final certification of the study under
 8-41 Subsection (j), the comptroller shall separately identify the final
 8-42 taxable value for each school district as adjusted to account for
 8-43 the reduction of the amount of the limitation on tax increases
 8-44 provided by Sections 11.26(a-5), (a-6), (a-7), (a-8), (a-9),
 8-45 (a-10), (a-11), and (a-12), Tax Code. This subsection expires
 8-46 January 1, 2025.

8-47 SECTION 22. (a) Sections 11.26(a-1), (a-2), and (a-3), Tax
 8-48 Code, are repealed.

8-49 (b) Effective January 1, 2025, Sections 11.26(a-5), (a-6),
 8-50 (a-7), (a-8), and (a-9), Tax Code, are repealed.

8-51 SECTION 23. The changes in law made by this Act to Sections
 8-52 11.13 and 11.26, Tax Code, apply beginning with the ad valorem tax
 8-53 year that begins January 1, 2023.

8-54 SECTION 24. (a) Except as provided by Subsection (b) of
 8-55 this section or as otherwise provided by this Act:

8-56 (1) this Act takes effect on the date on which the
 8-57 constitutional amendment proposed by S.J.R. 3, 88th Legislature,
 8-58 Regular Session, 2023, takes effect; and

8-59 (2) if that amendment is not approved by the voters,
 8-60 this Act has no effect.

8-61 (b) Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q),
 8-62 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and
 8-63 31.02(a-1), Tax Code, and Sections 49.004(a-1), (b-1), and (c-1),
 8-64 49.0042, 49.0121, 49.154(a-2) and (a-3), and 49.308(a-1),
 8-65 Education Code, as added by this Act, take effect immediately if
 8-66 this Act receives a vote of two-thirds of all the members elected to
 8-67 each house, as provided by Section 39, Article III, Texas
 8-68 Constitution. If this Act does not receive the vote necessary for
 8-69 those sections to have immediate effect, those sections take effect

9-1 on the 91st day after the last day of the legislative session.

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