

By: Blanco

S.B. No. 546

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the authority of the governing body of a taxing unit  
3 other than a school district to adopt an exemption from ad valorem  
4 taxation of a portion, expressed as a dollar amount, of the  
5 appraised value of an individual's residence homestead and to the  
6 authority of the governing body of any taxing unit that has adopted  
7 an exemption from ad valorem taxation of a percentage of the  
8 appraised value of an individual's residence homestead to reduce  
9 the amount of or repeal the exemption.

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

11 SECTION 1. Section 11.13, Tax Code, is amended by amending  
12 Subsections (i) and (n) and adding Subsections (s), (t), (u), (v),  
13 and (w) to read as follows:

14 (i) The assessor and collector for a taxing unit may  
15 disregard the exemptions authorized by Subsection (b), (c), (d),  
16 ~~[or] (n), or (s) [of this section]~~ and assess and collect a tax  
17 pledged for payment of debt without deducting the amount of the  
18 exemption if:

19 (1) prior to adoption of the exemption, the taxing  
20 unit pledged the taxes for the payment of a debt; and

21 (2) granting the exemption would impair the obligation  
22 of the contract creating the debt.

23 (n) In addition to any other exemptions provided by this  
24 section, except for an exemption under Subsection (s), an

1 individual is entitled to an exemption from taxation by a taxing  
2 unit of a percentage of the appraised value of his residence  
3 homestead if the exemption is adopted by the governing body of the  
4 taxing unit before July 1 in the manner provided by law for official  
5 action by the body. If the percentage set by the taxing unit  
6 produces an exemption in a tax year of less than \$5,000 when applied  
7 to a particular residence homestead, the individual is entitled to  
8 an exemption of \$5,000 of the appraised value. The percentage  
9 adopted by the taxing unit may not exceed 20 percent.

10 (s) In addition to any other exemptions provided by this  
11 section, except for an exemption under Subsection (n), an  
12 individual is entitled to an exemption from taxation by a taxing  
13 unit other than a school district of a portion of the appraised  
14 value of the individual's residence homestead if the exemption is  
15 adopted by the governing body of the taxing unit before July 1 in  
16 the manner provided by law for official action by the body. The  
17 amount of the exemption is \$14,000 of the appraised value of the  
18 residence homestead, except that if the average market value of  
19 residence homesteads in the taxing unit in the tax year in which the  
20 exemption is adopted exceeds \$70,000, as calculated based on the  
21 appraisal records prepared by the chief appraiser of each appraisal  
22 district in which the taxing unit participates, the governing body  
23 may authorize an exemption in a larger dollar amount not to exceed  
24 an amount equal to 20 percent of the average market value of  
25 residence homesteads in the taxing unit in the tax year in which the  
26 exemption is adopted.

27 (t) This subsection applies only to a taxing unit the

1 governing body of which has ceased granting an exemption under  
2 Subsection (n) and has adopted an exemption under Subsection (s).  
3 An individual who would have been entitled to an exemption from  
4 taxation by the taxing unit under Subsection (n) had the governing  
5 body not ceased granting an exemption under that subsection is  
6 entitled to continue to receive an exemption under that subsection  
7 in lieu of the exemption under Subsection (s) if the individual  
8 otherwise qualifies for the exemption under Subsection (n) and the  
9 amount of the exemption under that subsection exceeds the amount of  
10 the exemption under Subsection (s). The exemption applies only to  
11 property for which the individual received an exemption under  
12 Subsection (n) in the last year in which the governing body granted  
13 an exemption under that subsection. The exemption expires in the  
14 event of a change in ownership of the property or, if the property  
15 is owned by a qualifying trust and the trustor of the trust or a  
16 beneficiary of the trust has the right to use and occupy the  
17 property as the trustor's or beneficiary's principal residential  
18 property, a change in the trustor or beneficiary of the trust,  
19 respectively.

20 (u) The governing body of any taxing unit that adopted an  
21 exemption under Subsection (n) for the 2022 tax year may not reduce  
22 the amount of or repeal the exemption. This subsection expires  
23 December 31, 2032.

24 (v) Notwithstanding Subsection (u), the governing body of a  
25 taxing unit other than a school district that adopted an exemption  
26 under Subsection (n) for the 2022 tax year may repeal the exemption  
27 if the governing body adopts an exemption under Subsection (s) in an

1 amount greater than \$14,000. This subsection expires December 31,  
2 2032.

3 (w) The exemption amounts described in Subsections (s) and  
4 (v) and the average market value of residence homesteads amount  
5 described in Subsection (s) apply to the 2024 tax year. For each  
6 subsequent tax year, the comptroller shall adjust those amounts to  
7 reflect inflation by using the index that the comptroller considers  
8 to most accurately report changes in the purchasing power of the  
9 dollar for consumers in this state and shall publicize the adjusted  
10 amounts.

11 SECTION 2. Section 25.23(a), Tax Code, is amended to read as  
12 follows:

13 (a) After submission of appraisal records, the chief  
14 appraiser shall prepare supplemental appraisal records listing:

15 (1) each taxable property the chief appraiser  
16 discovers that is not included in the records already submitted,  
17 including property that was omitted from an appraisal roll in a  
18 prior tax year;

19 (2) property on which the appraisal review board has  
20 not determined a protest at the time of its approval of the  
21 appraisal records; and

22 (3) property that qualifies for an exemption under  
23 Section 11.13(n) or (s) that was adopted by the governing body of a  
24 taxing unit after the date the appraisal records were submitted.

25 SECTION 3. This Act applies only to ad valorem taxes imposed  
26 for a tax year that begins on or after the effective date of this  
27 Act.

1           SECTION 4. This Act takes effect January 1, 2024, but only  
2 if the constitutional amendment proposed by the 88th Legislature,  
3 Regular Session, 2023, authorizing the governing body of a  
4 political subdivision other than a school district to adopt an  
5 exemption from ad valorem taxation of a portion, expressed as a  
6 dollar amount, of the market value of an individual's residence  
7 homestead is approved by the voters. If that amendment is not  
8 approved by the voters, this Act has no effect.