

By: Schofield

H.B. No. 55

A BILL TO BE ENTITLED

AN ACT

relating to the provision of funding under the public school finance system on the basis of property values that take into account optional homestead exemptions.

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

SECTION 1. Section 7.062(c), Education Code, is amended to read as follows:

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 48 that permits or directs the use of excess foundation school program funds, including Sections 48.258[~~48.259~~], and 48.267. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the total amount of state funds allocated to school districts under Section 48.266(f).

SECTION 2. Section 403.302(d), Government Code, as effective until January 1, 2027, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means

the market value of all taxable property less:

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

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

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

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

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

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone

1 financing plan approved under Section 311.011(d), Tax Code, on or
2 before September 1, 1999; and

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

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

7 (A) is within a reinvestment zone:

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

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

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

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

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

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

27 (8) the portion of the appraised value of residence

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

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

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

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

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

25 (13) the amount by which the market value of property
26 to which Section 23.23 or 23.231, Tax Code, applies exceeds the
27 appraised value of that property as calculated under Section 23.23

or 23.231, Tax Code, as applicable; and

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

SECTION 3. Section 403.302(d), Government Code, as effective on January 1, 2027, is amended to read as follows:

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

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

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

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

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

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner

1 provided by former Section 311.003(e), Tax Code, before May 31,
2 1999, and within the boundaries of the zone as those boundaries
3 existed on September 1, 1999, including subsequent improvements to
4 the property regardless of when made;

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

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

11 (5) the total dollar amount of any captured appraised
12 value of property that:

13 (A) is within a reinvestment zone:

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

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

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

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

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

1 (7) the difference between the comptroller's estimate
2 of the market value and the productivity value of land that
3 qualifies for appraisal on the basis of its productive capacity,
4 except that the productivity value estimated by the comptroller may
5 not exceed the fair market value of the land;

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

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

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

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

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

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

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

10 SECTION 4. Section 48.259, Education Code, is repealed.

11 SECTION 5. Section 403.302, Government Code, as amended by
12 this Act, applies only to a school district property value study
13 conducted for a tax year that begins on or after January 1, 2026.

14 SECTION 6. This Act takes effect September 1, 2025.