

BILL ANALYSIS

S.B. 2520
By: Bettencourt
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law provides for a limitation on the total amount of property taxes imposed by a public school district on the residence homestead of an individual who is elderly or disabled, with the ceiling on the amount of those taxes being an amount equal to the lower of the tax levies imposed in either the first tax year an individual qualifies a residence homestead for a residence homestead exemption on the basis of age or disability or the year immediately following that year. However, legislation enacted by the 87th Texas Legislature contained provisions that conflicted with these two-year comparison provisions, which caused confusion for many jurisdictions. In 2024, the Wichita County criminal district attorney sought an attorney general opinion for clarification on whether the two-year comparison method was still authorized under state law, and the opinion determined that the legislation enacted by the 87th Texas Legislature controlled over the two-year comparison provisions. However, the bill sponsor has informed the committee that many property tax administrators still implement the two-year comparison method because it benefits taxpayers. S.B. 2520 seeks to clarify provisions governing the two-year comparison method under current state law and ensure tax rate compression is taken into account in the comparison.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 2520 amends the Tax Code to revise statutory provisions relating to the limitation on the total amount of property taxes imposed by a public school district on the residence homestead of an individual who is disabled or elderly. The bill establishes that, in the tax year immediately following the first tax year an individual qualifies a residence homestead for a residence homestead exemption for an individual who is disabled or elderly after the beginning of that first tax year, provided that the homestead remains eligible for that same exemption in that following tax year, the amount of the limitation is equal to the lesser of the following:

- the amount of the limitation for that tax year as computed under provisions prescribing the method of computation of the amount of the limitation if in the 2024 or a subsequent tax year an applicable elderly or disabled individual qualifies for the limitation; or
- the amount of tax imposed by the district on the residence homestead, calculated without regard to the limitation on tax increases provided by the applicable state law, in that tax year.

S.B. 2520 applies only to property taxes imposed for a tax year beginning on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2026.