

BILL ANALYSIS

Senate Research Center

S.J.R. 2
By: Bettencourt et al.
Local Government
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 84th Legislature passed and voters approved increasing the residence homestead exemption from \$15,000 to \$25,000 in 2015. Similarly, the 87th Legislature passed S.J.R. 2 and was approved by voters in May 2022 increasing the exemption again up to \$40,000 per homestead. In the 88th Legislature, Second Called Session, the legislature again raised, and the voters approved, the homestead exemption to \$100,000.

S.J.R. 2 will ask the voters to increase the residence homestead exemption up to \$140,000. S.B. 4 is the enabling legislation for S.J.R. 2. Included in S.B. 4 is a hold-harmless to school districts—the state will make up any formula funding deficit a school district might incur as a result of this exemption increase, including I&S.

S.B. 1, the General Appropriations Act, contains a provision to provide 6.8 pennies of school district tax rate compression through the state compression percentage (SCP), which will reduce statewide average ISD tax rates from \$.9766[1] to \$.9086. The additional 6.8 pennies of compression will provide \$133.13 in estimated savings to the average homestead property.[2][3]

This increase in homestead exemption amount will provide an estimated savings of \$363.44 to a homeowner's school tax at the statewide ISD average tax rate of \$.9086.

Combining the \$133.13 in average savings attributable to ISD rate compression in S.B. 1 with the \$363.44 in savings attributable to the increased homestead exemption in S.B. 4, the combined estimated savings for the average homestead property owner totals \$496.57.[4]

S.B. 2, 88(2), contained a provision that will continue to automatically provide savings attributable to an increased homestead exemption to over-65 and disabled homestead exemption owners. As local values rise, and tax rates compress in a school district, over-65 and disabled homestead freeze values automatically adjust to provide savings attributable to compression.

S.J.R. 2 seeks to increase the constitutional residence homestead exemption amount to \$140,000.

S.B. 4 is the enabling legislation for S.J.R. 2.

Footnotes:

[1] <https://comptroller.texas.gov/taxes/property-tax/rates/index.php>

2024 School District Rates and Levies Report

Statewide ISD average tax rate calculated by Local Government Committee staff

[2] 2025 average home market value - \$335,773

Roberson, J., Kallur, R., & Wu, J. (2025, January 13). Texas Housing Insight.

Retrieved January 15, 2025, from <https://trerc.tamu.edu/wp-content/uploads/2024/11/2120-202410.pdf>

[3] 2025 average home taxable value, including \$140,000 homestead exemption - \$195,773

[4] Savings estimates calculated by Senator Bettencourt's Office

S.J.R. 2 proposes a constitutional amendment to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1-b(c), Article VIII, Texas Constitution, to increase from \$100,000 to \$140,000 the amount of the market value of the residence homestead of a married or unmarried adult, including one living alone, that is exempt from ad valorem taxation for general elementary and secondary public school purposes.

SECTION 2. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by S.J.R. 2, 89th Legislature, Regular Session, 2025.

(b) Provides that the amendment to Section 1-b(c), Article VIII (Taxation and Revenue), of this constitution takes effect for the tax year beginning January 1, 2025.

(c) Provides that this temporary provision expires January 1, 2027.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2025. Sets forth the required language of the ballot.