

AN ACT

relating to the split-payment of ad valorem taxes.

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

SECTION 1. Section 31.03, Tax Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) The governing body of a taxing unit that collects its own taxes may provide, in the manner required by law for official action by the body, that a person who pays one-half of the taxing unit's taxes before December 1 or, if applicable, the date provided by Subsection (a-1) may pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

(a-1) If a taxing unit that has adopted the split-payment option provided by Subsection (a) mails its tax bills after November 30, the first one-half of the taxing unit's taxes must be paid before the first day of the next month following the first full calendar month following the date the tax bills are mailed.

SECTION 2. Section 31.04(c), Tax Code, is amended to read as follows:

(c) A ~~[payment option provided by Section 31.03 of this code or a]~~ discount adopted under Section 31.05(b) ~~[of this code]~~ does not apply to taxes that are calculated too late for it to be available.

SECTION 3. Section 42.08(c), Tax Code, is amended to read as follows:

1 (c) A property owner that pays an amount of taxes greater
2 than that required by Subsection (b) does not forfeit the property
3 owner's right to a final determination of the appeal by making the
4 payment. The property owner may pay an additional amount of taxes
5 at any time. If the property owner files a timely appeal under this
6 chapter, taxes paid on the property are considered paid under
7 protest, even if paid before the appeal is filed. If the taxes are
8 subject to the split-payment option provided by Section 31.03, the
9 property owner may comply with Subsection (b) of this section by
10 paying one-half of the amount otherwise required to be paid under
11 that subsection before December 1 or, if applicable, the date
12 provided by Section 31.03(a-1) and paying the remaining one-half of
13 that amount before July 1 of the following year.

14 SECTION 4. The changes in law made by this Act apply only to
15 ad valorem taxes imposed for an ad valorem tax year that begins on
16 or after the effective date of this Act.

17 SECTION 5. This Act takes effect January 1, 2026.

H.B. No. 2742

President of the Senate

Speaker of the House

I certify that H.B. No. 2742 was passed by the House on April 29, 2025, by the following vote: Yeas 146, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2742 was passed by the Senate on May 16, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor