

By: Turner

H.B. No. 3239

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of the governing body of a taxing unit to
3 adopt an exemption from ad valorem taxation of a portion, expressed
4 as a dollar amount, of the appraised value of an individual's
5 residence homestead and to the adjustment of the exemption amount
6 in subsequent years to reflect inflation.

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

8 SECTION 1. Section 11.13(n), Tax Code, is amended to read as
9 follows:

10 (n) In addition to any other exemptions provided by this
11 section, an individual is entitled to an exemption from taxation by
12 a taxing unit of a portion, expressed as a dollar amount, [~~a~~
13 ~~percentage~~] of the appraised value of the individual's [~~his~~]
14 residence homestead if the exemption is adopted by the governing
15 body of the taxing unit before July 1 in the manner provided by law
16 for official action by the body. For the 2026 tax year, the amount
17 of the exemption may not exceed \$100,000. For each subsequent tax
18 year, the comptroller shall calculate the maximum amount of the
19 exemption by multiplying the maximum amount of the exemption under
20 this subsection for the preceding tax year by the inflation rate and
21 adding that amount to the maximum amount of the exemption for the
22 preceding tax year. Each year, not later than March 15, the
23 comptroller shall publish the maximum amount of the exemption in
24 the Texas Register. For purposes of this subsection, "inflation

1 rate" means the positive amount, if any, expressed in decimal form
2 rounded to the nearest thousandth, computed by determining the
3 percentage change in the Consumer Price Index for all Urban
4 Consumers (CPI-U), U.S. City Average, published by the Bureau of
5 Labor Statistics of the United States Department of Labor for the
6 preceding calendar year as compared to the calendar year preceding
7 that calendar year. [If the percentage set by the taxing unit
8 produces an exemption in a tax year of less than \$5,000 when applied
9 to a particular residence homestead, the individual is entitled to
10 an exemption of \$5,000 of the appraised value. The percentage
11 adopted by the taxing unit may not exceed 20 percent.]

12 SECTION 2. Section 11.13(n-1), Tax Code, is repealed.

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

16 SECTION 4. This Act takes effect January 1, 2026, but only
17 if the constitutional amendment proposed by the 89th Legislature,
18 Regular Session, 2025, authorizing the governing body of a
19 political subdivision to adopt an exemption from ad valorem
20 taxation of a portion, expressed as a dollar amount, of the market
21 value of an individual's residence homestead and providing for the
22 adjustment of the exemption amount in subsequent years to reflect
23 inflation is approved by the voters. If that amendment is not
24 approved by the voters, this Act has no effect.