

By: Bettencourt, et al.

S.B. No. 4

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to an increase in the amount of the exemption of residence  
3 homesteads from ad valorem taxation by a school district and the  
4 protection of school districts against certain losses in local  
5 revenue.

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

7 ARTICLE 1. PROVISIONS CONTINGENT ON CONSTITUTIONAL AMENDMENT

8 SECTION 1.01. Section 11.13(b), Tax Code, is amended to  
9 read as follows:

10 (b) An adult is entitled to exemption from taxation by a  
11 school district of \$140,000 [~~\$100,000~~] of the appraised value of  
12 the adult's residence homestead, except that only \$5,000 of the  
13 exemption applies to an entity operating under former Chapter 17,  
14 18, 25, 26, 27, or 28, Education Code, as those chapters existed on  
15 May 1, 1995, as permitted by Section 11.301, Education Code.

16 SECTION 1.02. Section 46.071, Education Code, is amended by  
17 amending Subsections (a-2) and (b-2) and adding Subsections (a-3),  
18 (b-3), (c-3), (d-1), and (d-2) to read as follows:

19 (a-2) For [~~Beginning with~~] the 2023-2024 and 2024-2025  
20 school years [~~year~~], a school district is entitled to additional  
21 state aid under this subchapter to the extent that state and local  
22 revenue used to service debt eligible under this chapter is less  
23 than the state and local revenue that would have been available to  
24 the district under this chapter as it existed on September 1, 2022,

1 if any increase in a residence homestead exemption under Section  
2 1-b(c), Article VIII, Texas Constitution, and any additional  
3 limitation on tax increases under Section 1-b(d) of that article as  
4 proposed by the 88th Legislature, 2nd Called Session, 2023, had not  
5 occurred.

6 (a-3) Beginning with the 2025-2026 school year, a school  
7 district is entitled to additional state aid under this subchapter  
8 to the extent that state and local revenue used to service debt  
9 eligible under this chapter is less than the state and local revenue  
10 that would have been available to the district under this chapter as  
11 it existed on January 1, 2025, if any increase in the residence  
12 homestead exemption under Section 1-b(c), Article VIII, Texas  
13 Constitution, as proposed by the 89th Legislature, Regular Session,  
14 2025, had not occurred.

15 (b-2) Subject to Subsections (c-2), (d), and (e),  
16 additional state aid under this section for ~~[beginning with]~~ the  
17 2023-2024 and 2024-2025 school years ~~[year]~~ is equal to the amount  
18 by which the loss of local interest and sinking revenue for debt  
19 service attributable to any increase in a residence homestead  
20 exemption under Section 1-b(c), Article VIII, Texas Constitution,  
21 and any additional limitation on tax increases under Section 1-b(d)  
22 of that article as proposed by the 88th Legislature, 2nd Called  
23 Session, 2023, is not offset by a gain in state aid under this  
24 chapter.

25 (b-3) Subject to Subsections (c-3), (d), and (e),  
26 additional state aid under this section beginning with the  
27 2025-2026 school year is equal to the amount by which the loss of

1 local interest and sinking revenue for debt service attributable to  
2 any increase in a residence homestead exemption under Section  
3 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th  
4 Legislature, Regular Session, 2025, is not offset by a gain in state  
5 aid under this chapter.

6 (c-3) For the purpose of determining state aid under  
7 Subsections (a-3) and (b-3), local interest and sinking revenue for  
8 debt service is limited to revenue required to service debt  
9 eligible under this chapter as of January 1, 2025, including  
10 refunding of that debt, subject to Section 46.061. The limitation  
11 imposed by Section 46.034(a) does not apply for the purpose of  
12 determining state aid under this section.

13 (d-1) If the amount required to pay debt service on bonds  
14 issued under Subchapter A, Chapter 45, is less than the sum of state  
15 assistance provided under this chapter, including the amount of  
16 additional state aid provided under this section, and the revenue  
17 from the district's interest and sinking tax for a school year, the  
18 commissioner shall, except as provided by Subsection (d-2), reduce  
19 the amount of additional state aid provided under this section by  
20 the difference between:

21 (1) the sum of state assistance provided under this  
22 chapter, including the amount of additional state aid provided  
23 under this section, and the revenue from the district's interest  
24 and sinking tax for the school year; and

25 (2) the amount required to pay debt service on bonds  
26 described by this subsection for the school year.

27 (d-2) The amount of additional state aid provided under this

1 section may not be reduced under Subsection (d-1) to an amount below  
2 the additional state aid provided under Subsection (a-3).

3 SECTION 1.03. Section 48.2543, Education Code, is amended  
4 by amending Subsections (a-1) and (b) and adding Subsection (a-2)  
5 to read as follows:

6 (a-1) For [~~Beginning with~~] the 2023-2024 and 2024-2025  
7 school years [~~year~~], a school district is entitled to additional  
8 state aid to the extent that state and local revenue under this  
9 chapter and Chapter 49 is less than the state and local revenue that  
10 would have been available to the district under this chapter and  
11 Chapter 49 as those chapters existed on September 1, 2022, if any  
12 increase in a residence homestead exemption under Section 1-b(c),  
13 Article VIII, Texas Constitution, and any additional limitation on  
14 tax increases under Section 1-b(d) of that article as proposed by  
15 the 88th Legislature, 2nd Called Session, 2023, had not occurred.

16 (a-2) Beginning with the 2025-2026 school year, a school  
17 district is entitled to additional state aid to the extent that  
18 state and local revenue under this chapter and Chapter 49 is less  
19 than the state and local revenue that would have been available to  
20 the district under this chapter and Chapter 49 as those chapters  
21 existed on September 1, 2024, if any increase in a residence  
22 homestead exemption under Section 1-b(c), Article VIII, Texas  
23 Constitution, as proposed by the 89th Legislature, Regular Session,  
24 2025, had not occurred.

25 (b) The lesser of the school district's currently adopted  
26 maintenance and operations tax rate or the adopted maintenance and  
27 operations tax rate for:

1 (1) the 2021 tax year is used for the purpose of  
2 determining additional state aid under Subsection (a); ~~and~~

3 (2) the 2022 tax year is used for the purpose of  
4 determining additional state aid under Subsection (a-1); and

5 (3) the 2024 tax year is used for the purpose of  
6 determining additional state aid under Subsection (a-2).

7 SECTION 1.04. Section 11.13, Tax Code, as amended by this  
8 article, applies only to an ad valorem tax year that begins on or  
9 after January 1, 2025.

10 ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT

11 SECTION 2.01. Section 46.071, Education Code, is amended by  
12 adding Subsection (f) to read as follows:

13 (f) A school district may use additional state aid received  
14 under this section only to pay the principal of and interest on the  
15 bonds for which the district received the aid.

16 SECTION 2.02. Section 48.2551, Education Code, is amended  
17 by adding Subsections (d-3) and (d-4) to read as follows:

18 (d-3) In calculating and making available school districts'  
19 maximum compressed rates under this section for the 2025-2026  
20 school year, the agency shall calculate and make available the  
21 rates as if the increase in the residence homestead exemption under  
22 Section 1-b(c), Article VIII, Texas Constitution, as proposed by  
23 the 89th Legislature, Regular Session, 2025, took effect. This  
24 subsection expires September 1, 2026.

25 (d-4) If the increase in the residence homestead exemption  
26 under Section 1-b(c), Article VIII, Texas Constitution, as proposed  
27 by the 89th Legislature, Regular Session, 2025, does not take

1 effect, the commissioner may adjust school districts' maximum  
2 compressed rates under this section for the 2025-2026 school year  
3 accordingly. Before making an adjustment under this subsection,  
4 the commissioner shall notify and must receive approval from the  
5 Legislative Budget Board and the office of the governor. This  
6 subsection expires September 1, 2029.

7 SECTION 2.03. Section 48.283, Education Code, is amended to  
8 read as follows:

9 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS  
10 IMPACTED BY COMPRESSION. For the 2023-2024 and 2024-2025 school  
11 years, a [A] school district that received an adjustment under  
12 Section 48.257(b) for the 2022-2023 school year is entitled to  
13 additional state aid [for each school year] in an amount equal to  
14 [the amount of that adjustment for the 2022-2023 school year less]  
15 the difference, if the difference is greater than zero, between:

16 (1) [the amount to which the district is entitled  
17 under this chapter for the current school year, and

18 [-(2)] the amount of state and local revenue that would  
19 have been available to [which] the district [would be entitled]  
20 under this chapter and Chapter 49 for the 2023-2024 or 2024-2025  
21 [current] school year, as applicable, if the district's maximum  
22 compressed tax rate had not been reduced under Section 48.2555, as  
23 added by S.B. 2, Acts of the 88th Legislature, 2nd Called Session,  
24 2023; and

25 (2) the amount of state and local revenue available to  
26 the district under this chapter and Chapter 49 for the 2023-2024 or  
27 2024-2025 school year, as applicable.

1 SECTION 2.04. Section 49.004, Education Code, is amended by  
2 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

3 (a-1) This subsection applies only if the constitutional  
4 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,  
5 2025, is approved by the voters in an election held for that  
6 purpose. As soon as practicable after receiving revised property  
7 values that reflect adoption of the constitutional amendment, the  
8 commissioner shall review the local revenue level of districts in  
9 the state and revise as necessary the notifications provided under  
10 Subsection (a) for the 2025-2026 school year. This subsection  
11 expires September 1, 2026.

12 (b-1) This subsection applies only to a district that has  
13 not previously held an election under this chapter.  
14 Notwithstanding Subsection (b), a district that enters into an  
15 agreement to exercise an option to reduce the district's local  
16 revenue level in excess of entitlement under Section 49.002(3),  
17 (4), or (5) for the 2025-2026 school year may request and, as  
18 provided by Section 49.0043(a), receive approval from the  
19 commissioner to delay the date of the election otherwise required  
20 to be ordered before September 1. This subsection expires  
21 September 1, 2026.

22 (c-1) Notwithstanding Subsection (c), a district that  
23 receives approval from the commissioner to delay an election as  
24 provided by Subsection (b-1) may adopt a tax rate for the 2025 tax  
25 year before the commissioner certifies that the district has  
26 reduced its local revenue level to the level established by Section  
27 48.257. This subsection expires September 1, 2026.

1 SECTION 2.05. Subchapter A, Chapter 49, Education Code, is  
2 amended by adding Section 49.0043 to read as follows:

3 Sec. 49.0043. TRANSITIONAL PROVISIONS: INCREASED  
4 HOMESTEAD EXEMPTIONS. (a) The commissioner shall approve a  
5 district's request under Section 49.004(b-1) to delay the date of  
6 an election required under this chapter if the commissioner  
7 determines that the district would not have a local revenue level in  
8 excess of entitlement if the constitutional amendment proposed by  
9 S.J.R. 2, 89th Legislature, Regular Session, 2025, were approved by  
10 the voters.

11 (b) The commissioner shall set a date by which each district  
12 that receives approval under this section must order the election.

13 (c) Not later than the 2026-2027 school year, the  
14 commissioner shall order detachment and annexation of property  
15 under Subchapter G or consolidation under Subchapter H as necessary  
16 to reduce the district's local revenue level to the level  
17 established by Section 48.257 for a district that receives approval  
18 under this section and subsequently:

19 (1) fails to hold the election; or

20 (2) does not receive voter approval at the election.

21 (d) This section expires September 1, 2027.

22 SECTION 2.06. Subchapter A, Chapter 49, Education Code, is  
23 amended by adding Section 49.0121 to read as follows:

24 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This  
25 section applies only to an election under this chapter that occurs  
26 during the 2025-2026 school year.

27 (b) Section 49.012 does not apply to a district that



1 receives approval of a request under Section 49.0043. The district  
2 shall hold the election on a Tuesday or Saturday on or before a date  
3 specified by the commissioner. Section 41.001, Election Code, does  
4 not apply to the election.

5 (c) This section expires September 1, 2026.

6 SECTION 2.07. Section 49.154, Education Code, is amended by  
7 adding Subsections (a-2) and (a-3) to read as follows:

8 (a-2) Notwithstanding Subsections (a) and (a-1), a district  
9 that receives approval of a request under Section 49.0043 shall pay  
10 for credit purchased:

11 (1) in equal monthly payments as determined by the  
12 commissioner beginning March 15, 2026, and ending August 15, 2026;  
13 or

14 (2) in the manner provided by Subsection (a)(2),  
15 provided that the district notifies the commissioner of the  
16 district's election to pay in that manner not later than March 15,  
17 2026.

18 (a-3) Subsection (a-2) and this subsection expire September  
19 1, 2026.

20 SECTION 2.08. Section 49.308, Education Code, is amended by  
21 adding Subsection (a-1) to read as follows:

22 (a-1) Notwithstanding Subsection (a), for the 2025-2026  
23 school year, the commissioner shall order any detachments and  
24 annexations of property under this subchapter as soon as  
25 practicable after the canvass of the votes on the constitutional  
26 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,  
27 2025. This subsection expires September 1, 2026.

1 SECTION 2.09. Section 26.01, Tax Code, is amended by adding  
2 Subsections (a-2) and (a-3) to read as follows:

3 (a-2) This subsection applies only to the appraisal roll for  
4 a school district for the 2025 tax year. When the chief appraiser  
5 delivers the appraisal roll to the assessor for the school  
6 district, the chief appraiser shall include a provisional appraisal  
7 roll to account for the changes in law made by S.B. 4, Acts of the  
8 89th Legislature, Regular Session, 2025. If the chief appraiser  
9 delivers a supplemental appraisal roll or correction to the  
10 appraisal roll to the assessor for the school district before the  
11 effective date of Article 1 of that Act, the chief appraiser shall  
12 include provisional appraisal roll entries to account for the  
13 changes in law made by that article. If Article 1 of that Act takes  
14 effect:

15 (1) on the effective date of that article, the  
16 provisional appraisal roll, as supplemented and corrected, becomes  
17 the appraisal roll for the school district; and

18 (2) as soon as practicable after the effective date of  
19 that article, the chief appraiser shall correct the school  
20 district's appraisal roll as necessary to finally account for the  
21 changes in law made by that article.

22 (a-3) This subsection and Subsection (a-2) expire December  
23 31, 2026.

24 SECTION 2.10. Section 26.04, Tax Code, is amended by adding  
25 Subsections (a-1) and (c-1) to read as follows:

26 (a-1) On receipt of the appraisal roll for the 2025 tax  
27 year, the assessor for a school district shall determine the total

1 taxable value of property taxable by the district and the taxable  
2 value of new property as if the changes in law made by S.B. 4, Acts  
3 of the 89th Legislature, Regular Session, 2025, were in effect for  
4 that tax year. This subsection expires December 31, 2026.

5 (c-1) An officer or employee designated by the governing  
6 body of a school district shall calculate the no-new-revenue tax  
7 rate and the voter-approval tax rate of the district for the 2025  
8 tax year as if the changes in law made by S.B. 4, Acts of the 89th  
9 Legislature, Regular Session, 2025, were in effect for that tax  
10 year. This subsection expires December 31, 2026.

11 SECTION 2.11. Section 26.08, Tax Code, is amended by adding  
12 Subsection (q) to read as follows:

13 (q) For purposes of this section, the voter-approval tax  
14 rate of a school district for the 2025 tax year shall be calculated  
15 as if the changes in law made by S.B. 4, Acts of the 89th  
16 Legislature, Regular Session, 2025, were in effect for that tax  
17 year. This subsection expires December 31, 2026.

18 SECTION 2.12. Section 26.09, Tax Code, is amended by adding  
19 Subsection (c-1) to read as follows:

20 (c-1) The assessor for a school district shall calculate the  
21 amount of tax imposed by the school district on a residence  
22 homestead for the 2025 tax year as if the changes in law made by S.B.  
23 4, Acts of the 89th Legislature, Regular Session, 2025, were in  
24 effect for that tax year and also as if the changes in law made by  
25 that Act were not in effect for that tax year. This subsection  
26 expires December 31, 2026.

27 SECTION 2.13. Section 26.15, Tax Code, is amended by adding

1 Subsection (h) to read as follows:

2 (h) The assessor for a school district shall correct the tax  
3 roll for the district for the 2025 tax year to reflect the results  
4 of the election to approve the constitutional amendment proposed by  
5 S.J.R. 2, 89th Legislature, Regular Session, 2025. This subsection  
6 expires December 31, 2026.

7 SECTION 2.14. Section 31.01, Tax Code, is amended by adding  
8 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

9 (d-2) This subsection and Subsections (d-3) and (d-4) apply  
10 only to taxes imposed by a school district on a residence homestead  
11 for the 2025 tax year and only if the changes in law made by S.B. 4,  
12 Acts of the 89th Legislature, Regular Session, 2025, would lower  
13 the taxes imposed by the district on the property for that tax year.  
14 The assessor for the district shall compute the amount of taxes  
15 imposed and the other information required by this section as if the  
16 changes in law made by S.B. 4, Acts of the 89th Legislature, Regular  
17 Session, 2025, were in effect for that tax year. The tax bill or the  
18 separate statement must indicate that the bill is a provisional tax  
19 bill and include a statement in substantially the following form:

20 "If the Texas Legislature had not enacted property tax relief  
21 legislation during the 2025 legislative session, your tax bill  
22 would have been \$\_\_\_\_\_ (insert amount of tax bill if the changes in  
23 law made by S.B. 4, Acts of the 89th Legislature, Regular Session,  
24 2025, were not in effect for that tax year). Because of action by  
25 the Texas Legislature, your tax bill has been lowered by \$\_\_\_\_\_  
26 (insert difference between amount of tax bill if the changes in law  
27 made by S.B. 4, Acts of the 89th Legislature, Regular Session, 2025,

1 were not in effect for that tax year and amount of tax bill if that  
2 Act were in effect for that tax year), resulting in a lower tax bill  
3 of \$\_\_\_\_\_ (insert amount of tax bill if the changes in law made by  
4 S.B. 4, Acts of the 89th Legislature, Regular Session, 2025, were in  
5 effect for that tax year), contingent on the approval by the voters  
6 at an election to be held November 4, 2025, of the constitutional  
7 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,  
8 2025. If that constitutional amendment is not approved by the  
9 voters at the election, a supplemental tax bill in the amount of  
10 \$\_\_\_\_\_ (insert difference between amount of tax bill if the changes  
11 in law made by S.B. 4, Acts of the 89th Legislature, Regular  
12 Session, 2025, were not in effect for that tax year and amount of  
13 tax bill if that Act were in effect for that tax year) will be mailed  
14 to you."

15 (d-3) A tax bill prepared by the assessor for a school  
16 district as provided by Subsection (d-2) and mailed as provided by  
17 Subsection (a) is considered to be a provisional tax bill until the  
18 canvass of the votes on the constitutional amendment proposed by  
19 S.J.R. 2, 89th Legislature, Regular Session, 2025. If the  
20 constitutional amendment is approved by the voters, the tax bill is  
21 considered to be a final tax bill for the taxes imposed on the  
22 property for the 2025 tax year, and no additional tax bill is  
23 required to be mailed unless another provision of this title  
24 requires the mailing of a corrected tax bill. If the constitutional  
25 amendment is not approved by the voters:

26 (1) a tax bill prepared by the assessor as provided by  
27 Subsection (d-2) is considered to be a final tax bill but only as to

1 the portion of the taxes imposed on the property for the 2025 tax  
2 year that are included in the bill;

3 (2) the amount of taxes imposed by each school  
4 district on a residence homestead for the 2025 tax year is  
5 calculated as if the changes in law made by S.B. 4, Acts of the 89th  
6 Legislature, Regular Session, 2025, were not in effect for that tax  
7 year; and

8 (3) except as provided by Subsections (f), (i-1), and  
9 (k), the assessor for each school district shall prepare and mail a  
10 supplemental tax bill, by December 1 or as soon thereafter as  
11 practicable, in an amount equal to the difference between the  
12 amount of the tax bill if the changes in law made by S.B. 4, Acts of  
13 the 89th Legislature, Regular Session, 2025, were not in effect for  
14 that tax year and the amount of the tax bill if that Act were in  
15 effect for that tax year.

16 (d-4) Except as otherwise provided by Subsection (d-3), the  
17 provisions of this section other than Subsection (d-2) apply to a  
18 supplemental tax bill mailed under Subsection (d-3).

19 (d-5) This subsection and Subsections (d-2), (d-3), and  
20 (d-4) expire December 31, 2026.

21 SECTION 2.15. Section 31.02, Tax Code, is amended by adding  
22 Subsection (a-1) to read as follows:

23 (a-1) Except as provided by Subsection (b) of this section  
24 and Sections 31.03 and 31.04, taxes for which a supplemental tax  
25 bill is mailed under Section 31.01(d-3) are due on receipt of the  
26 tax bill and are delinquent if not paid before March 1 of the year  
27 following the year in which imposed. This subsection expires

1 December 31, 2026.

2 ARTICLE 3. EFFECTIVE DATES

3 SECTION 3.01. Except as otherwise provided by this article:

4 (1) this Act takes effect immediately if this Act  
5 receives a vote of two-thirds of all the members elected to each  
6 house, as provided by Section 39, Article III, Texas Constitution;  
7 and

8 (2) if this Act does not receive the vote necessary for  
9 immediate effect, this Act takes effect September 1, 2025.

10 SECTION 3.02. Article 1 of this Act takes effect on the date  
11 on which the constitutional amendment proposed by S.J.R. 2, 89th  
12 Legislature, Regular Session, 2025, takes effect. If that  
13 amendment is not approved by the voters, Article 1 of this Act has  
14 no effect.