

1-1 By: Bettencourt, et al. S.B. No. 4
 1-2 (In the Senate - Filed February 6, 2025; February 7, 2025,
 1-3 read first time and referred to Committee on Local Government;
 1-4 February 11, 2025, reported favorably by the following vote:
 1-5 Yeas 7, Nays 0; February 11, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Middleton	X			
1-9 Cook	X			
1-10 Gutierrez	X			
1-11 Nichols	X			
1-12 Paxton	X			
1-13 West	X			

1-15 A BILL TO BE ENTITLED
 1-16 AN ACT

1-17 relating to an increase in the amount of the exemption of residence
 1-18 homesteads from ad valorem taxation by a school district and the
 1-19 protection of school districts against certain losses in local
 1-20 revenue.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 ARTICLE 1. PROVISIONS CONTINGENT ON CONSTITUTIONAL AMENDMENT

1-23 SECTION 1.01. Section 11.13(b), Tax Code, is amended to
 1-24 read as follows:

1-25 (b) An adult is entitled to exemption from taxation by a
 1-26 school district of \$140,000 [~~\$100,000~~] of the appraised value of
 1-27 the adult's residence homestead, except that only \$5,000 of the
 1-28 exemption applies to an entity operating under former Chapter 17,
 1-29 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
 1-30 May 1, 1995, as permitted by Section 11.301, Education Code.

1-31 SECTION 1.02. Section 46.071, Education Code, is amended by
 1-32 amending Subsections (a-2) and (b-2) and adding Subsections (a-3),
 1-33 (b-3), and (c-3) to read as follows:

1-34 (a-2) For [~~Beginning with~~] the 2023-2024 and 2024-2025
 1-35 school years [~~year~~], a school district is entitled to additional
 1-36 state aid under this subchapter to the extent that state and local
 1-37 revenue used to service debt eligible under this chapter is less
 1-38 than the state and local revenue that would have been available to
 1-39 the district under this chapter as it existed on September 1, 2022,
 1-40 if any increase in a residence homestead exemption under Section
 1-41 1-b(c), Article VIII, Texas Constitution, and any additional
 1-42 limitation on tax increases under Section 1-b(d) of that article as
 1-43 proposed by the 88th Legislature, 2nd Called Session, 2023, had not
 1-44 occurred.

1-45 (a-3) Beginning with the 2025-2026 school year, a school
 1-46 district is entitled to additional state aid under this subchapter
 1-47 to the extent that state and local revenue used to service debt
 1-48 eligible under this chapter is less than the state and local revenue
 1-49 that would have been available to the district under this chapter as
 1-50 it existed on January 1, 2025, if any increase in the residence
 1-51 homestead exemption under Section 1-b(c), Article VIII, Texas
 1-52 Constitution, as proposed by the 89th Legislature, Regular Session,
 1-53 2025, had not occurred.

1-54 (b-2) Subject to Subsections (c-2), (d), and (e),
 1-55 additional state aid under this section for [~~beginning with~~] the
 1-56 2023-2024 and 2024-2025 school years [~~year~~] is equal to the amount
 1-57 by which the loss of local interest and sinking revenue for debt
 1-58 service attributable to any increase in a residence homestead
 1-59 exemption under Section 1-b(c), Article VIII, Texas Constitution,
 1-60 and any additional limitation on tax increases under Section 1-b(d)
 1-61 of that article as proposed by the 88th Legislature, 2nd Called

2-1 Session, 2023, is not offset by a gain in state aid under this
2-2 chapter.

2-3 (b-3) Subject to Subsections (c-3), (d), and (e),
2-4 additional state aid under this section beginning with the
2-5 2025-2026 school year is equal to the amount by which the loss of
2-6 local interest and sinking revenue for debt service attributable to
2-7 any increase in a residence homestead exemption under Section
2-8 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th
2-9 Legislature, Regular Session, 2025, is not offset by a gain in state
2-10 aid under this chapter.

2-11 (c-3) For the purpose of determining state aid under
2-12 Subsections (a-3) and (b-3), local interest and sinking revenue for
2-13 debt service is limited to revenue required to service debt
2-14 eligible under this chapter as of January 1, 2025, including
2-15 refunding of that debt, subject to Section 46.061. The limitation
2-16 imposed by Section 46.034(a) does not apply for the purpose of
2-17 determining state aid under this section.

2-18 SECTION 1.03. Section 48.2543, Education Code, is amended
2-19 to read as follows:

2-20 Sec. 48.2543. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
2-21 [~~HOMESTEAD EXEMPTION~~]. [~~(a) For the 2022-2023 school year, a~~
2-22 ~~school district is entitled to additional state aid to the extent~~
2-23 ~~that state and local revenue under this chapter and Chapter 49 is~~
2-24 ~~less than the state and local revenue that would have been available~~
2-25 ~~to the district under this chapter and Chapter 49 as those chapters~~
2-26 ~~existed on September 1, 2021, if any increase in the residence~~
2-27 ~~homestead exemption under Section 1-b(c), Article VIII, Texas~~
2-28 ~~Constitution, as proposed by the 87th Legislature, 3rd Called~~
2-29 ~~Session, 2021, had not occurred.~~

2-30 [~~(a-1)~~] Beginning with the 2025-2026 [2023-2024] school
2-31 year, a school district is entitled to additional state aid to the
2-32 extent that state and local revenue under this chapter, other than
2-33 former Section 48.2543(a), and Chapter 49 is less than the state and
2-34 local revenue that would have been available to the district under
2-35 this chapter and Chapter 49 as those chapters existed on September
2-36 1, 2022, if any of the following had not occurred:

2-37 (1) an increase in a residence homestead exemption
2-38 under Section 1-b(c), Article VIII, Texas Constitution, and any
2-39 additional limitation on tax increases under Section 1-b(d) of that
2-40 article as proposed by the 88th Legislature, 2nd Called Session,
2-41 2023;

2-42 (2) an increase in a residence homestead exemption
2-43 under Section 1-b(c), Article VIII, Texas Constitution, as proposed
2-44 by the 89th Legislature, Regular Session, 2025;

2-45 (3) a reduction of the amount of the limitation on tax
2-46 increases provided by Section 11.26(a-10), Tax Code; and

2-47 (4) a reduction in the district's maximum compressed
2-48 tax rate under Section 48.2555, as added by Chapter 1 (S.B. 2), Acts
2-49 of the 88th Legislature, 2nd Called Session, 2023 [~~had not~~
2-50 ~~occurred~~].

2-51 [~~(b) The lesser of the school district's currently adopted~~
2-52 ~~maintenance and operations tax rate or the adopted maintenance and~~
2-53 ~~operations tax rate for:~~

2-54 [~~(1) the 2021 tax year is used for the purpose of~~
2-55 ~~determining additional state aid under Subsection (a); and~~

2-56 [~~(2) the 2022 tax year is used for the purpose of~~
2-57 ~~determining additional state aid under Subsection (a-1).]~~

2-58 SECTION 1.04. Sections 48.2542 and 48.283, Education Code,
2-59 are repealed.

2-60 SECTION 1.05. Section 11.13, Tax Code, as amended by this
2-61 article, applies only to an ad valorem tax year that begins on or
2-62 after January 1, 2025.

2-63 ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT

2-64 SECTION 2.01. Section 46.071, Education Code, is amended by
2-65 adding Subsections (d-1) and (d-2) to read as follows:

2-66 (d-1) If the amount required to pay debt service on bonds
2-67 issued under Subchapter A, Chapter 45, is less than the sum of state
2-68 assistance provided under this chapter, including the amount of
2-69 additional state aid provided under this section, and the revenue

3-1 from the district's interest and sinking tax for a school year, the
 3-2 commissioner shall, except as provided by Subsection (d-2), reduce
 3-3 the amount of additional state aid provided under this section by
 3-4 the difference between:

3-5 (1) the sum of state assistance provided under this
 3-6 chapter, including the amount of additional state aid provided
 3-7 under this section, and the revenue from the district's interest
 3-8 and sinking tax for the school year; and

3-9 (2) the amount required to pay debt service on bonds
 3-10 described by this subsection for the school year.

3-11 (d-2) The amount of additional state aid provided under this
 3-12 section may not be reduced under Subsection (d-1) to an amount below
 3-13 zero.

3-14 SECTION 2.02. Section 48.2551, Education Code, is amended
 3-15 by adding Subsection (d-3) to read as follows:

3-16 (d-3) In calculating and making available school districts'
 3-17 maximum compressed rates under this section for the 2025-2026
 3-18 school year, the agency shall calculate and make available the
 3-19 rates as if the increase in the residence homestead exemption under
 3-20 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
 3-21 the 89th Legislature, Regular Session, 2025, took effect and also
 3-22 as if that increase did not take effect. This subsection expires
 3-23 September 1, 2026.

3-24 SECTION 2.03. Section 48.283, Education Code, is amended to
 3-25 read as follows:

3-26 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
 3-27 IMPACTED BY COMPRESSION. For the 2024-2025 school year, a [A]
 3-28 school district that received an adjustment under Section 48.257(b)
 3-29 for the 2022-2023 school year is entitled to additional state aid
 3-30 [for each school year] in an amount equal to [the amount of that
 3-31 adjustment for the 2022-2023 school year less] the difference, if
 3-32 the difference is greater than zero, between:

3-33 (1) [the amount to which the district is entitled
 3-34 under this chapter for the current school year; and

3-35 [~~2~~] the amount of state and local revenue that would
 3-36 have been available to [which] the district [would be entitled]
 3-37 under this chapter and Chapter 49 for the 2024-2025 [current]
 3-38 school year if the district's maximum compressed tax rate had not
 3-39 been reduced under Section 48.2555, as added by S.B. 2, Acts of the
 3-40 88th Legislature, 2nd Called Session, 2023; and

3-41 (2) the amount of state and local revenue available to
 3-42 the district under this chapter and Chapter 49 for the 2024-2025
 3-43 school year.

3-44 SECTION 2.04. Section 49.004, Education Code, is amended by
 3-45 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

3-46 (a-1) This subsection applies only if the constitutional
 3-47 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
 3-48 2025, is approved by the voters in an election held for that
 3-49 purpose. As soon as practicable after receiving revised property
 3-50 values that reflect adoption of the constitutional amendment, the
 3-51 commissioner shall review the local revenue level of districts in
 3-52 the state and revise as necessary the notifications provided under
 3-53 Subsection (a) for the 2025-2026 school year. This subsection
 3-54 expires September 1, 2026.

3-55 (b-1) This subsection applies only to a district that has
 3-56 not previously held an election under this chapter.
 3-57 Notwithstanding Subsection (b), a district that enters into an
 3-58 agreement to exercise an option to reduce the district's local
 3-59 revenue level in excess of entitlement under Section 49.002(3),
 3-60 (4), or (5) for the 2025-2026 school year may request and, as
 3-61 provided by Section 49.0043(a), receive approval from the
 3-62 commissioner to delay the date of the election otherwise required
 3-63 to be ordered before September 1. This subsection expires
 3-64 September 1, 2026.

3-65 (c-1) Notwithstanding Subsection (c), a district that
 3-66 receives approval from the commissioner to delay an election as
 3-67 provided by Subsection (b-1) may adopt a tax rate for the 2025 tax
 3-68 year before the commissioner certifies that the district has
 3-69 reduced its local revenue level to the level established by Section

4-1 48.257. This subsection expires September 1, 2026.

4-2 SECTION 2.05. Subchapter A, Chapter 49, Education Code, is
4-3 amended by adding Section 49.0043 to read as follows:

4-4 Sec. 49.0043. TRANSITIONAL PROVISIONS: INCREASED
4-5 HOMESTEAD EXEMPTIONS. (a) The commissioner shall approve a
4-6 district's request under Section 49.004(b-1) to delay the date of
4-7 an election required under this chapter if the commissioner
4-8 determines that the district would not have a local revenue level in
4-9 excess of entitlement if the constitutional amendment proposed by
4-10 S.J.R. 2, 89th Legislature, Regular Session, 2025, were approved by
4-11 the voters.

4-12 (b) The commissioner shall set a date by which each district
4-13 that receives approval under this section must order the election.

4-14 (c) Not later than the 2026-2027 school year, the
4-15 commissioner shall order detachment and annexation of property
4-16 under Subchapter G or consolidation under Subchapter H as necessary
4-17 to reduce the district's local revenue level to the level
4-18 established by Section 48.257 for a district that receives approval
4-19 under this section and subsequently:

4-20 (1) fails to hold the election; or

4-21 (2) does not receive voter approval at the election.

4-22 (d) This section expires September 1, 2027.

4-23 SECTION 2.06. Subchapter A, Chapter 49, Education Code, is
4-24 amended by adding Section 49.0121 to read as follows:

4-25 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This
4-26 section applies only to an election under this chapter that occurs
4-27 during the 2025-2026 school year.

4-28 (b) Section 49.012 does not apply to a district that
4-29 receives approval of a request under Section 49.0043. The district
4-30 shall hold the election on a Tuesday or Saturday on or before a date
4-31 specified by the commissioner. Section 41.001, Election Code, does
4-32 not apply to the election.

4-33 (c) This section expires September 1, 2026.

4-34 SECTION 2.07. Section 49.154, Education Code, is amended by
4-35 adding Subsections (a-2) and (a-3) to read as follows:

4-36 (a-2) Notwithstanding Subsections (a) and (a-1), a district
4-37 that receives approval of a request under Section 49.0043 shall pay
4-38 for credit purchased:

4-39 (1) in equal monthly payments as determined by the
4-40 commissioner beginning March 15, 2026, and ending August 15, 2026;
4-41 or

4-42 (2) in the manner provided by Subsection (a)(2),
4-43 provided that the district notifies the commissioner of the
4-44 district's election to pay in that manner not later than March 15,
4-45 2026.

4-46 (a-3) Subsection (a-2) and this subsection expire September
4-47 1, 2026.

4-48 SECTION 2.08. Section 49.308, Education Code, is amended by
4-49 adding Subsection (a-1) to read as follows:

4-50 (a-1) Notwithstanding Subsection (a), for the 2025-2026
4-51 school year, the commissioner shall order any detachments and
4-52 annexations of property under this subchapter as soon as
4-53 practicable after the canvass of the votes on the constitutional
4-54 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
4-55 2025. This subsection expires September 1, 2026.

4-56 SECTION 2.09. Section 25.23, Tax Code, is amended by adding
4-57 Subsection (a-1) to read as follows:

4-58 (a-1) This subsection applies only to the appraisal records
4-59 for the 2025 tax year. The chief appraiser shall prepare
4-60 supplemental appraisal records to account for the changes in law
4-61 made by S.B. 4, Acts of the 89th Legislature, Regular Session,
4-62 2025. This subsection expires December 31, 2026.

4-63 SECTION 2.10. Section 26.04, Tax Code, is amended by adding
4-64 Subsections (a-1) and (c-1) to read as follows:

4-65 (a-1) On receipt of the appraisal roll for the 2025 tax
4-66 year, the assessor for a school district shall determine the total
4-67 taxable value of property taxable by the district and the taxable
4-68 value of new property as if the changes in law made by S.B. 4, Acts
4-69 of the 89th Legislature, Regular Session, 2025, were in effect for

5-1 that tax year. This subsection expires December 31, 2026.

5-2 (c-1) An officer or employee designated by the governing
 5-3 body of a school district shall calculate the no-new-revenue tax
 5-4 rate and the voter-approval tax rate of the district for the 2025
 5-5 tax year as if the changes in law made by S.B. 4, Acts of the 89th
 5-6 Legislature, Regular Session, 2025, were in effect for that tax
 5-7 year. This subsection expires December 31, 2026.

5-8 SECTION 2.11. Section 26.08, Tax Code, is amended by adding
 5-9 Subsection (q) to read as follows:

5-10 (q) For purposes of this section, the voter-approval tax
 5-11 rate of a school district for the 2025 tax year shall be calculated
 5-12 as if the changes in law made by S.B. 4, Acts of the 89th
 5-13 Legislature, Regular Session, 2025, were in effect for that tax
 5-14 year. This subsection expires December 31, 2026.

5-15 SECTION 2.12. Section 26.09, Tax Code, is amended by adding
 5-16 Subsection (c-1) to read as follows:

5-17 (c-1) The assessor for a school district shall calculate the
 5-18 amount of tax imposed by the school district on a residence
 5-19 homestead for the 2025 tax year as if the changes in law made by S.B.
 5-20 4, Acts of the 89th Legislature, Regular Session, 2025, were in
 5-21 effect for that tax year and also as if the changes in law made by
 5-22 that Act were not in effect for that tax year. This subsection
 5-23 expires December 31, 2026.

5-24 SECTION 2.13. Section 26.15, Tax Code, is amended by adding
 5-25 Subsection (h) to read as follows:

5-26 (h) The assessor for a school district shall correct the tax
 5-27 roll for the district for the 2025 tax year to reflect the results
 5-28 of the election to approve the constitutional amendment proposed by
 5-29 S.J.R. 2, 89th Legislature, Regular Session, 2025. This
 5-30 subsection expires December 31, 2026.

5-31 SECTION 2.14. Section 31.01, Tax Code, is amended by adding
 5-32 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

5-33 (d-2) This subsection and Subsections (d-3) and (d-4) apply
 5-34 only to taxes imposed by a school district on a residence homestead
 5-35 for the 2025 tax year and only if the changes in law made by S.B. 4,
 5-36 Acts of the 89th Legislature, Regular Session, 2025, would lower
 5-37 the taxes imposed by the district on the property for that tax year.
 5-38 The assessor for the district shall compute the amount of taxes
 5-39 imposed and the other information required by this section as if the
 5-40 changes in law made by S.B. 4, Acts of the 89th Legislature, Regular
 5-41 Session, 2025, were in effect for that tax year. The tax bill or the
 5-42 separate statement must indicate that the bill is a provisional tax
 5-43 bill and include a statement in substantially the following form:

5-44 "If the Texas Legislature had not enacted property tax relief
 5-45 legislation during the 2025 legislative session, your tax bill
 5-46 would have been \$_____ (insert amount of tax bill if the changes in
 5-47 law made by S.B. 4, Acts of the 89th Legislature, Regular Session,
 5-48 2025, were not in effect for that tax year). Because of action by
 5-49 the Texas Legislature, your tax bill has been lowered by \$_____
 5-50 (insert difference between amount of tax bill if the changes in law
 5-51 made by S.B. 4, Acts of the 89th Legislature, Regular Session, 2025,
 5-52 were not in effect for that tax year and amount of tax bill if that
 5-53 Act were in effect for that tax year), resulting in a lower tax bill
 5-54 of \$_____ (insert amount of tax bill if the changes in law made by
 5-55 S.B. 4, Acts of the 89th Legislature, Regular Session, 2025, were in
 5-56 effect for that tax year), contingent on the approval by the voters
 5-57 at an election to be held November 4, 2025, of the constitutional
 5-58 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
 5-59 2025. If that constitutional amendment is not approved by the
 5-60 voters at the election, a supplemental tax bill in the amount of
 5-61 \$_____ (insert difference between amount of tax bill if the changes
 5-62 in law made by S.B. 4, Acts of the 89th Legislature, Regular
 5-63 Session, 2025, were not in effect for that tax year and amount of
 5-64 tax bill if that Act were in effect for that tax year) will be mailed
 5-65 to you."

5-66 (d-3) A tax bill prepared by the assessor for a school
 5-67 district as provided by Subsection (d-2) and mailed as provided by
 5-68 Subsection (a) is considered to be a provisional tax bill until the
 5-69 canvass of the votes on the constitutional amendment proposed by

6-1 S.J.R. 2, 89th Legislature, Regular Session, 2025. If the
6-2 constitutional amendment is approved by the voters, the tax bill is
6-3 considered to be a final tax bill for the taxes imposed on the
6-4 property for the 2025 tax year, and no additional tax bill is
6-5 required to be mailed unless another provision of this title
6-6 requires the mailing of a corrected tax bill. If the constitutional
6-7 amendment is not approved by the voters:

6-8 (1) a tax bill prepared by the assessor as provided by
6-9 Subsection (d-2) is considered to be a final tax bill but only as to
6-10 the portion of the taxes imposed on the property for the 2025 tax
6-11 year that are included in the bill;

6-12 (2) the amount of taxes imposed by each school
6-13 district on a residence homestead for the 2025 tax year is
6-14 calculated as if the changes in law made by S.B. 4, Acts of the 89th
6-15 Legislature, Regular Session, 2025, were not in effect for that tax
6-16 year; and

6-17 (3) except as provided by Subsections (f), (i-1), and
6-18 (k), the assessor for each school district shall prepare and mail a
6-19 supplemental tax bill, by December 1 or as soon thereafter as
6-20 practicable, in an amount equal to the difference between the
6-21 amount of the tax bill if the changes in law made by S.B. 4, Acts of
6-22 the 89th Legislature, Regular Session, 2025, were not in effect for
6-23 that tax year and the amount of the tax bill if that Act were in
6-24 effect for that tax year.

6-25 (d-4) Except as otherwise provided by Subsection (d-3), the
6-26 provisions of this section other than Subsection (d-2) apply to a
6-27 supplemental tax bill mailed under Subsection (d-3).

6-28 (d-5) This subsection and Subsections (d-2), (d-3), and
6-29 (d-4) expire December 31, 2026.

6-30 SECTION 2.15. Section 31.02, Tax Code, is amended by adding
6-31 Subsection (a-1) to read as follows:

6-32 (a-1) Except as provided by Subsection (b) of this section
6-33 and Sections 31.03 and 31.04, taxes for which a supplemental tax
6-34 bill is mailed under Section 31.01(d-3) are due on receipt of the
6-35 tax bill and are delinquent if not paid before March 1 of the year
6-36 following the year in which imposed. This subsection expires
6-37 December 31, 2026.

ARTICLE 3. EFFECTIVE DATES

SECTION 3.01. Except as otherwise provided by this article:

6-39 (1) this Act takes effect immediately if this Act
6-40 receives a vote of two-thirds of all the members elected to each
6-41 house, as provided by Section 39, Article III, Texas Constitution;
6-42 and
6-43

6-44 (2) if this Act does not receive the vote necessary for
6-45 immediate effect, this Act takes effect September 1, 2025.

6-46 SECTION 3.02. Article 1 of this Act takes effect on the date
6-47 on which the constitutional amendment proposed by S.J.R. 2, 89th
6-48 Legislature, Regular Session, 2025, takes effect. If that
6-49 amendment is not approved by the voters, Article 1 of this Act has
6-50 no effect.

6-51 * * * * *