

By: Bettencourt, et al.

S.B. No. 23

A BILL TO BE ENTITLED

AN ACT

relating to an increase in the amount of the exemption from ad valorem taxation by a school district of the appraised value of the residence homestead of a person who is elderly or disabled and the protection of school districts against certain losses in local revenue.

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

ARTICLE 1. PROVISIONS CONTINGENT ON CONSTITUTIONAL AMENDMENT

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

(c) In addition to the exemption provided by Subsection (b) ~~[of this section]~~, an adult who is disabled or is 65 or older is entitled to an exemption from taxation by a school district of \$60,000 ~~[\$10,000]~~ of the appraised value of the person's ~~his~~ residence homestead.

SECTION 1.02. Section 46.071, Education Code, is amended by amending Subsections (a-2) and (b-2) and adding Subsections (a-4), (b-4), (c-4), (d-1), and (d-2) to read as follows:

(a-2) For ~~[Beginning with]~~ the 2023-2024 and 2024-2025 school years ~~[year]~~, a school district is entitled to additional state aid under this subchapter to the extent that state and local revenue used to service debt eligible under this chapter is less than the state and local revenue that would have been available to 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-4) 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 for a person who is elderly or disabled under
 13 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
 14 the 89th Legislature, Regular Session, 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-4) Subject to Subsections (c-4), (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 for a person who is
3 elderly or disabled under Section 1-b(c), Article VIII, Texas
4 Constitution, as proposed by the 89th Legislature, Regular Session,
5 2025, is not offset by a gain in state aid under this chapter.

6 (c-4) For the purpose of determining state aid under
7 Subsections (a-4) and (b-4), 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-4).

3 SECTION 1.03. Section 48.2543, Education Code, is amended
4 by amending Subsections (a-1) and (b) and adding Subsection (a-3)
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-3) 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 for a person who is elderly or disabled under
23 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
24 the 89th Legislature, Regular Session, 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-3).

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 48.2551, Education Code, is amended
12 by adding Subsections (d-5) and (d-6) to read as follows:

13 (d-5) In calculating and making available school districts'
14 maximum compressed rates under this section for the 2025-2026
15 school year, the agency shall calculate and make available the
16 rates as if the increase in the residence homestead exemption for a
17 person who is elderly or disabled under Section 1-b(c), Article
18 VIII, Texas Constitution, as proposed by the 89th Legislature,
19 Regular Session, 2025, took effect. This subsection expires
20 September 1, 2026.

21 (d-6) If the increase in the residence homestead exemption
22 for a person who is elderly or disabled under Section 1-b(c),
23 Article VIII, Texas Constitution, as proposed by the 89th
24 Legislature, Regular Session, 2025, does not take effect, the
25 commissioner may adjust school districts' maximum compressed rates
26 under this section for the 2025-2026 school year accordingly.
27 Before making an adjustment under this subsection, the commissioner

1 shall notify and must receive approval from the Legislative Budget
2 Board and the office of the governor. This subsection expires
3 September 1, 2029.

4 SECTION 2.02. Section 49.004, Education Code, is amended by
5 adding Subsections (a-2), (b-1), and (c-1) to read as follows:

6 (a-2) This subsection applies only if the constitutional
7 amendment proposed by S.J.R. 85, 89th Legislature, Regular Session,
8 2025, is approved by the voters in an election held for that
9 purpose. As soon as practicable after receiving revised property
10 values that reflect adoption of the constitutional amendment, the
11 commissioner shall review the local revenue level of districts in
12 the state and revise as necessary the notifications provided under
13 Subsection (a) for the 2025-2026 school year. This subsection
14 expires September 1, 2026.

15 (b-1) This subsection applies only to a district that has
16 not previously held an election under this chapter.
17 Notwithstanding Subsection (b), a district that enters into an
18 agreement to exercise an option to reduce the district's local
19 revenue level in excess of entitlement under Section 49.002(3),
20 (4), or (5) for the 2025-2026 school year may request and, as
21 provided by Section 49.0044(a), receive approval from the
22 commissioner to delay the date of the election otherwise required
23 to be ordered before September 1. This subsection expires
24 September 1, 2026.

25 (c-1) Notwithstanding Subsection (c), a district that
26 receives approval from the commissioner to delay an election as
27 provided by Subsection (b-1) may adopt a tax rate for the 2025 tax

year before the commissioner certifies that the district has reduced its local revenue level to the level established by Section 48.257. This subsection expires September 1, 2026.

SECTION 2.03. Subchapter A, Chapter 49, Education Code, is amended by adding Section 49.0044 to read as follows:

Sec. 49.0044. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD EXEMPTIONS FOR ELDERLY OR DISABLED PERSONS. (a) The commissioner shall approve a district's request under Section 49.004(b-1) to delay the date of an election required under this chapter if the commissioner determines that the district would not have a local revenue level in excess of entitlement if the constitutional amendment proposed by S.J.R. 85, 89th Legislature, Regular Session, 2025, were approved by the voters.

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

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

(1) fails to hold the election; or

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

(d) This section expires September 1, 2027.

SECTION 2.04. Subchapter A, Chapter 49, Education Code, is amended by adding Section 49.0122 to read as follows:

Sec. 49.0122. TRANSITIONAL ELECTION DATES: INCREASED

1 HOMESTEAD EXEMPTIONS FOR ELDERLY OR DISABLED PERSONS. (a) This
2 section applies only to an election under this chapter that occurs
3 during the 2025-2026 school year.

4 (b) Section 49.012 does not apply to a district that
5 receives approval of a request under Section 49.0044. The district
6 shall hold the election on a Tuesday or Saturday on or before a date
7 specified by the commissioner. Section 41.001, Election Code, does
8 not apply to the election.

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

10 SECTION 2.05. Section 49.154, Education Code, is amended by
11 adding Subsections (a-4) and (a-5) to read as follows:

12 (a-4) Notwithstanding Subsections (a) and (a-1), a district
13 that receives approval of a request under Section 49.0044 shall pay
14 for credit purchased:

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

18 (2) in the manner provided by Subsection (a)(2),
19 provided that the district notifies the commissioner of the
20 district's election to pay in that manner not later than March 15,
21 2026.

22 (a-5) Subsection (a-4) and this subsection expire September
23 1, 2026.

24 SECTION 2.06. Section 49.308, Education Code, is amended by
25 adding Subsection (a-2) to read as follows:

26 (a-2) Notwithstanding Subsection (a), for the 2025-2026
27 school year, the commissioner shall order any detachments and

annexations of property under this subchapter as soon as practicable after the canvass of the votes on the constitutional amendment proposed by S.J.R. 85, 89th Legislature, Regular Session, 2025. This subsection expires September 1, 2026.

SECTION 2.07. Section 26.01, Tax Code, is amended by adding Subsections (a-2) and (a-3) to read as follows:

(a-2) This subsection applies only to the appraisal roll for a school district for the 2025 tax year. When the chief appraiser delivers the appraisal roll to the assessor for the school district, the chief appraiser shall include a provisional appraisal roll to account for the changes in law made by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025. If the chief appraiser delivers a supplemental appraisal roll or correction to the appraisal roll to the assessor for the school district before the effective date of Article 1 of that Act, the chief appraiser shall include provisional appraisal roll entries to account for the changes in law made by that article. If Article 1 of that Act takes effect:

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

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

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

SECTION 2.08. Section 26.04, Tax Code, is amended by adding Subsections (a-1) and (c-1) to read as follows:

(a-1) On receipt of the appraisal roll for the 2025 tax year, the assessor for a school district shall determine the total taxable value of property taxable by the district and the taxable value of new property as if the changes in law made by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025, were in effect for that tax year. This subsection expires December 31, 2026.

(c-1) An officer or employee designated by the governing body of a school district shall calculate the no-new-revenue tax rate and the voter-approval tax rate of the district for the 2025 tax year as if the changes in law made by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025, were in effect for that tax year. This subsection expires December 31, 2026.

SECTION 2.09. Section 26.08, Tax Code, is amended by adding Subsection (q) to read as follows:

(q) For purposes of this section, the voter-approval tax rate of a school district for the 2025 tax year shall be calculated as if the changes in law made by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025, were in effect for that tax year. This subsection expires December 31, 2026.

SECTION 2.10. Section 26.09, Tax Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) The assessor for a school district shall calculate the amount of tax imposed by the school district on a residence homestead for the 2025 tax year as if the changes in law made by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025, were in

1 effect for that tax year and also as if the changes in law made by
2 that Act were not in effect for that tax year. This subsection
3 expires December 31, 2026.

4 SECTION 2.11. Section 26.15, Tax Code, is amended by adding
5 Subsection (h) to read as follows:

6 (h) The assessor for a school district shall correct the tax
7 roll for the district for the 2025 tax year to reflect the results
8 of the election to approve the constitutional amendment proposed by
9 S.J.R. 85, 89th Legislature, Regular Session, 2025. This
10 subsection expires December 31, 2026.

11 SECTION 2.12. Section 31.01, Tax Code, is amended by adding
12 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

13 (d-2) This subsection and Subsections (d-3) and (d-4) apply
14 only to taxes imposed by a school district on a residence homestead
15 for the 2025 tax year and only if the changes in law made by S.B. 23,
16 Acts of the 89th Legislature, Regular Session, 2025, would lower
17 the taxes imposed by the district on the property for that tax year.
18 The assessor for the district shall compute the amount of taxes
19 imposed and the other information required by this section as if the
20 changes in law made by S.B. 23, Acts of the 89th Legislature,
21 Regular Session, 2025, were in effect for that tax year. The tax
22 bill or the separate statement must indicate that the bill is a
23 provisional tax bill and include a statement in substantially the
24 following form:

25 "If the Texas Legislature had not enacted property tax relief
26 legislation during the 2025 legislative session, your tax bill
27 would have been \$_____ (insert amount of tax bill if the changes in

1 law made by S.B. 23, Acts of the 89th Legislature, Regular Session,
2 2025, were not in effect for that tax year). Because of action by
3 the Texas Legislature, your tax bill has been lowered by \$_____
4 (insert difference between amount of tax bill if the changes in law
5 made by S.B. 23, Acts of the 89th Legislature, Regular Session,
6 2025, were not in effect for that tax year and amount of tax bill if
7 that Act were in effect for that tax year), resulting in a lower tax
8 bill of \$_____ (insert amount of tax bill if the changes in law made
9 by S.B. 23, Acts of the 89th Legislature, Regular Session, 2025,
10 were in effect for that tax year), contingent on the approval by the
11 voters at an election to be held November 4, 2025, of the
12 constitutional amendment proposed by S.J.R. 85, 89th Legislature,
13 Regular Session, 2025. If that constitutional amendment is not
14 approved by the voters at the election, a supplemental tax bill in
15 the amount of \$_____ (insert difference between amount of tax bill if
16 the changes in law made by S.B. 23, Acts of the 89th Legislature,
17 Regular Session, 2025, were not in effect for that tax year and
18 amount of tax bill if that Act were in effect for that tax year) will
19 be mailed to you."

20 (d-3) A tax bill prepared by the assessor for a school
21 district as provided by Subsection (d-2) and mailed as provided by
22 Subsection (a) is considered to be a provisional tax bill until the
23 canvass of the votes on the constitutional amendment proposed by
24 S.J.R. 85, 89th Legislature, Regular Session, 2025. If the
25 constitutional amendment is approved by the voters, the tax bill is
26 considered to be a final tax bill for the taxes imposed on the
27 property for the 2025 tax year, and no additional tax bill is

1 required to be mailed unless another provision of this title
2 requires the mailing of a corrected tax bill. If the constitutional
3 amendment is not approved by the voters:

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

8 (2) the amount of taxes imposed by each school
9 district on a residence homestead for the 2025 tax year is
10 calculated as if the changes in law made by S.B. 23, Acts of the 89th
11 Legislature, Regular Session, 2025, were not in effect for that tax
12 year; and

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

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

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

26 SECTION 2.13. Section [31.02](#), Tax Code, is amended by adding
27 Subsection (a-1) to read as follows:

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

7 ARTICLE 3. EFFECTIVE DATES

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

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

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

15 SECTION 3.02. Article 1 of this Act takes effect on the date
16 on which the constitutional amendment proposed by S.J.R. 85, 89th
17 Legislature, Regular Session, 2025, takes effect. If that
18 amendment is not approved by the voters, Article 1 of this Act has
19 no effect.