

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

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

(c-4) For the purpose of determining state aid under Subsections (a-4) and (b-4), local interest and sinking revenue for debt service is limited to revenue required to service debt eligible under this chapter as of September 1, 2025, including refunding of that debt, subject to Section 46.061. The limitation imposed by Section 46.034(a) does not apply for the purpose of determining state aid under this section.

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

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

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

(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

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

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

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

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

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

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

SECTION 2.13. Section [31.02](#), Tax Code, is amended by adding 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.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 23 passed the Senate on April 23, 2025, by the following vote: Yeas 30, Nays 1; and that the Senate concurred in House amendment on May 29, 2025, by the following vote: Yeas 30, Nays 1.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 23 passed the House, with amendment, on May 21, 2025, by the following vote: Yeas 141, Nays 0, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor