

By: Eckhardt, Gutierrez

S.B. No. 634

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the authority of the governing body of a taxing unit to
3 adopt an exemption from ad valorem taxation of a portion, expressed
4 as a dollar amount, of the appraised value of an individual's
5 residence homestead.

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

7 SECTION 1. Section 11.13, Tax Code, is amended by amending
8 Subsection (i) and adding Subsection (n-2) to read as follows:

9 (i) The assessor and collector for a taxing unit may
10 disregard the exemptions authorized by Subsection (b), (c), (d),
11 ~~[or] (n), or (n-2) [of this section]~~ and assess and collect a tax
12 pledged for payment of debt without deducting the amount of the
13 exemption if:

14 (1) prior to adoption of the exemption, the unit
15 pledged the taxes for the payment of a debt; and

16 (2) granting the exemption would impair the obligation
17 of the contract creating the debt.

18 (n-2) The governing body of a taxing unit, in the manner
19 provided by law for official action by the body, may adopt an
20 exemption from taxation by the taxing unit of a portion, expressed
21 as a dollar amount, of the appraised value of an individual's
22 residence homestead. The exemption must be adopted by the
23 governing body before July 1 of the tax year in which the exemption
24 applies. If the governing body adopts an exemption under this

1 subsection, the amount of the exemption in a tax year may not be
2 less than \$5,000. An individual is entitled to an exemption adopted
3 under this subsection in addition to any other exemptions provided
4 by this section.

5 SECTION 2. Section 45.006(f), Education Code, is amended to
6 read as follows:

7 (f) The governing body of a school district that adopts a
8 tax rate that exceeds \$1.50 per \$100 valuation of taxable property
9 may set the amount of the exemption from taxation authorized by
10 Section 11.13(n) or (n-2), Tax Code, at any time before the date the
11 governing body adopts the district's tax rate for the tax year in
12 which the election approving the additional taxes is held.

13 SECTION 3. Section 48.259(a), Education Code, is amended to
14 read as follows:

15 (a) In any school year, the commissioner may not provide
16 funding under this chapter or Chapter 46 based on a school
17 district's taxable value of property computed in accordance with
18 Section 403.302(d)(2), Government Code, unless:

19 (1) funds are specifically appropriated for purposes
20 of this section; or

21 (2) the commissioner determines that the total amount
22 of state funds appropriated for purposes of the Foundation School
23 Program for the school year exceeds the amount of state funds
24 distributed to school districts in accordance with Section 48.266
25 based on the taxable values of property in school districts
26 computed in accordance with Section 403.302(d), Government Code,
27 without any deduction for residence homestead exemptions granted

1 under Section [11.13\(n\)](#) or (n-2), Tax Code.

2 SECTION 4. Section [403.302\(d\)](#), Government Code, effective
3 until January 1, 2027, is amended to read as follows:

4 (d) For the purposes of this section, "taxable value" means
5 the market value of all taxable property less:

6 (1) the total dollar amount of any residence homestead
7 exemptions lawfully granted under Section [11.13\(b\)](#) or (c), Tax
8 Code, in the year that is the subject of the study for each school
9 district;

10 (2) one-half of the total dollar amount of any
11 residence homestead exemptions granted under Section [11.13\(n\)](#) or
12 (n-2), Tax Code, in the year that is the subject of the study for
13 each school district;

14 (3) the total dollar amount of any exemptions granted
15 before May 31, 1993, within a reinvestment zone under agreements
16 authorized by Chapter [312](#), Tax Code;

17 (4) subject to Subsection (e), the total dollar amount
18 of any captured appraised value of property that:

19 (A) is within a reinvestment zone created on or
20 before May 31, 1999, or is proposed to be included within the
21 boundaries of a reinvestment zone as the boundaries of the zone and
22 the proposed portion of tax increment paid into the tax increment
23 fund by a school district are described in a written notification
24 provided by the municipality or the board of directors of the zone
25 to the governing bodies of the other taxing units in the manner
26 provided by former Section [311.003\(e\)](#), Tax Code, before May 31,
27 1999, and within the boundaries of the zone as those boundaries

1 existed on September 1, 1999, including subsequent improvements to
2 the property regardless of when made;

3 (B) generates taxes paid into a tax increment
4 fund created under Chapter 311, Tax Code, under a reinvestment zone
5 financing plan approved under Section 311.011(d), Tax Code, on or
6 before September 1, 1999; and

7 (C) is eligible for tax increment financing under
8 Chapter 311, Tax Code;

9 (5) the total dollar amount of any captured appraised
10 value of property that:

11 (A) is within a reinvestment zone:

12 (i) created on or before December 31, 2008,
13 by a municipality with a population of less than 18,000; and

14 (ii) the project plan for which includes
15 the alteration, remodeling, repair, or reconstruction of a
16 structure that is included on the National Register of Historic
17 Places and requires that a portion of the tax increment of the zone
18 be used for the improvement or construction of related facilities
19 or for affordable housing;

20 (B) generates school district taxes that are paid
21 into a tax increment fund created under Chapter 311, Tax Code; and

22 (C) is eligible for tax increment financing under
23 Chapter 311, Tax Code;

24 (6) the total dollar amount of any exemptions granted
25 under Section 11.251 or 11.253, Tax Code;

26 (7) the difference between the comptroller's estimate
27 of the market value and the productivity value of land that

1 qualifies for appraisal on the basis of its productive capacity,
2 except that the productivity value estimated by the comptroller may
3 not exceed the fair market value of the land;

4 (8) the portion of the appraised value of residence
5 homesteads of individuals who receive a tax limitation under
6 Section 11.26, Tax Code, on which school district taxes are not
7 imposed in the year that is the subject of the study, calculated as
8 if the residence homesteads were appraised at the full value
9 required by law;

10 (9) a portion of the market value of property not
11 otherwise fully taxable by the district at market value because of
12 action required by statute or the constitution of this state, other
13 than Section 11.311, Tax Code, that, if the tax rate adopted by the
14 district is applied to it, produces an amount equal to the
15 difference between the tax that the district would have imposed on
16 the property if the property were fully taxable at market value and
17 the tax that the district is actually authorized to impose on the
18 property, if this subsection does not otherwise require that
19 portion to be deducted;

20 (10) the market value of all tangible personal
21 property, other than manufactured homes, owned by a family or
22 individual and not held or used for the production of income;

23 (11) the appraised value of property the collection of
24 delinquent taxes on which is deferred under Section 33.06, Tax
25 Code;

26 (12) the portion of the appraised value of property
27 the collection of delinquent taxes on which is deferred under

1 Section 33.065, Tax Code;

2 (13) the amount by which the market value of property
3 to which Section 23.23 or 23.231, Tax Code, applies exceeds the
4 appraised value of that property as calculated under Section 23.23
5 or 23.231, Tax Code, as applicable; and

6 (14) the total dollar amount of any exemptions granted
7 under Section 11.35, Tax Code.

8 SECTION 5. Section 403.302(d), Government Code, as
9 effective January 1, 2027, is amended to read as follows:

10 (d) For the purposes of this section, "taxable value" means
11 the market value of all taxable property less:

12 (1) the total dollar amount of any residence homestead
13 exemptions lawfully granted under Section 11.13(b) or (c), Tax
14 Code, in the year that is the subject of the study for each school
15 district;

16 (2) one-half of the total dollar amount of any
17 residence homestead exemptions granted under Section 11.13(n) or
18 (n-2), Tax Code, in the year that is the subject of the study for
19 each school district;

20 (3) the total dollar amount of any exemptions granted
21 before May 31, 1993, within a reinvestment zone under agreements
22 authorized by Chapter 312, Tax Code;

23 (4) subject to Subsection (e), the total dollar amount
24 of any captured appraised value of property that:

25 (A) is within a reinvestment zone created on or
26 before May 31, 1999, or is proposed to be included within the
27 boundaries of a reinvestment zone as the boundaries of the zone and

1 the proposed portion of tax increment paid into the tax increment
2 fund by a school district are described in a written notification
3 provided by the municipality or the board of directors of the zone
4 to the governing bodies of the other taxing units in the manner
5 provided by former Section 311.003(e), Tax Code, before May 31,
6 1999, and within the boundaries of the zone as those boundaries
7 existed on September 1, 1999, including subsequent improvements to
8 the property regardless of when made;

9 (B) generates taxes paid into a tax increment
10 fund created under Chapter 311, Tax Code, under a reinvestment zone
11 financing plan approved under Section 311.011(d), Tax Code, on or
12 before September 1, 1999; and

13 (C) is eligible for tax increment financing under
14 Chapter 311, Tax Code;

15 (5) the total dollar amount of any captured appraised
16 value of property that:

17 (A) is within a reinvestment zone:

18 (i) created on or before December 31, 2008,
19 by a municipality with a population of less than 18,000; and

20 (ii) the project plan for which includes
21 the alteration, remodeling, repair, or reconstruction of a
22 structure that is included on the National Register of Historic
23 Places and requires that a portion of the tax increment of the zone
24 be used for the improvement or construction of related facilities
25 or for affordable housing;

26 (B) generates school district taxes that are paid
27 into a tax increment fund created under Chapter 311, Tax Code; and

1 (C) is eligible for tax increment financing under
2 Chapter 311, Tax Code;

3 (6) the total dollar amount of any exemptions granted
4 under Section 11.251 or 11.253, Tax Code;

5 (7) the difference between the comptroller's estimate
6 of the market value and the productivity value of land that
7 qualifies for appraisal on the basis of its productive capacity,
8 except that the productivity value estimated by the comptroller may
9 not exceed the fair market value of the land;

10 (8) the portion of the appraised value of residence
11 homesteads of individuals who receive a tax limitation under
12 Section 11.26, Tax Code, on which school district taxes are not
13 imposed in the year that is the subject of the study, calculated as
14 if the residence homesteads were appraised at the full value
15 required by law;

16 (9) a portion of the market value of property not
17 otherwise fully taxable by the district at market value because of
18 action required by statute or the constitution of this state, other
19 than Section 11.311, Tax Code, that, if the tax rate adopted by the
20 district is applied to it, produces an amount equal to the
21 difference between the tax that the district would have imposed on
22 the property if the property were fully taxable at market value and
23 the tax that the district is actually authorized to impose on the
24 property, if this subsection does not otherwise require that
25 portion to be deducted;

26 (10) the market value of all tangible personal
27 property, other than manufactured homes, owned by a family or

1 individual and not held or used for the production of income;

2 (11) the appraised value of property the collection of
3 delinquent taxes on which is deferred under Section 33.06, Tax
4 Code;

5 (12) the portion of the appraised value of property
6 the collection of delinquent taxes on which is deferred under
7 Section 33.065, Tax Code;

8 (13) the amount by which the market value of a
9 residence homestead to which Section 23.23, Tax Code, applies
10 exceeds the appraised value of that property as calculated under
11 that section; and

12 (14) the total dollar amount of any exemptions granted
13 under Section 11.35, Tax Code.

14 SECTION 6. Section 25.23(a), Tax Code, is amended to read as
15 follows:

16 (a) After submission of appraisal records, the chief
17 appraiser shall prepare supplemental appraisal records listing:

18 (1) each taxable property the chief appraiser
19 discovers that is not included in the records already submitted,
20 including property that was omitted from an appraisal roll in a
21 prior tax year;

22 (2) property on which the appraisal review board has
23 not determined a protest at the time of its approval of the
24 appraisal records; and

25 (3) property that qualifies for an exemption under
26 Section 11.13(n) or (n-2) that was adopted by the governing body of
27 a taxing unit after the date the appraisal records were submitted.

1 SECTION 7. This Act applies only to ad valorem taxes imposed
2 for a tax year that begins on or after the effective date of this
3 Act.

4 SECTION 8. This Act takes effect January 1, 2026, but only
5 if the constitutional amendment proposed by the 89th Legislature,
6 Regular Session, 2025, authorizing the governing body of a
7 political subdivision to adopt an exemption from ad valorem
8 taxation of a portion, expressed as a dollar amount, of the market
9 value of an individual's residence homestead is approved by the
10 voters. If that amendment is not approved by the voters, this Act
11 has no effect.