

By: Middleton

S.B. No. 2644

A BILL TO BE ENTITLED

AN ACT

relating to the provision of funding under the public school finance system on the basis of property values that take into account optional homestead exemptions.

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

SECTION 1. Section 7.062(c), Education Code, is amended to read as follows:

(c) Except as otherwise provided by this subsection, if the commissioner certifies that the amount appropriated for a state fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds the amount to which school districts are entitled under those subchapters for that year, the commissioner shall use the excess funds, in an amount not to exceed \$20 million in any state fiscal year, for the purpose of making grants under this section. The use of excess funds under this subsection has priority over any provision of Chapter 48 that permits or directs the use of excess foundation school program funds, including Sections 48.258[~~7~~ 48.259] and 48.267. The commissioner is required to use excess funds as provided by this subsection only if the commissioner is not required to reduce the total amount of state funds allocated to school districts under Section 48.266(f).

SECTION 2. Section 403.302(d), Government Code, as effective until January 1, 2027, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means

1 the market value of all taxable property less:

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

6 (2) ~~[one-half of]~~ the total dollar amount of any  
7 residence homestead exemptions granted under Section 11.13(n), Tax  
8 Code, in the year that is the subject of the study for each school  
9 district;

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

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

15 (A) is within a reinvestment zone created on or  
16 before May 31, 1999, or is proposed to be included within the  
17 boundaries of a reinvestment zone as the boundaries of the zone and  
18 the proposed portion of tax increment paid into the tax increment  
19 fund by a school district are described in a written notification  
20 provided by the municipality or the board of directors of the zone  
21 to the governing bodies of the other taxing units in the manner  
22 provided by former Section 311.003(e), Tax Code, before May 31,  
23 1999, and within the boundaries of the zone as those boundaries  
24 existed on September 1, 1999, including subsequent improvements to  
25 the property regardless of when made;

26 (B) generates taxes paid into a tax increment  
27 fund created under Chapter 311, Tax Code, under a reinvestment zone

1 financing plan approved under Section 311.011(d), Tax Code, on or  
2 before September 1, 1999; and

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

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

7 (A) is within a reinvestment zone:

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

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

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

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

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

22 (7) the difference between the comptroller's estimate  
23 of the market value and the productivity value of land that  
24 qualifies for appraisal on the basis of its productive capacity,  
25 except that the productivity value estimated by the comptroller may  
26 not exceed the fair market value of the land;

27 (8) the portion of the appraised value of residence

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

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

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

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

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

(13) the amount by which the market value of property to which Section 23.23 or 23.231, Tax Code, applies exceeds the appraised value of that property as calculated under Section 23.23

or 23.231, Tax Code, as applicable; and

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

SECTION 3. Section 403.302(d), Government Code, as effective on January 1, 2027, is amended to read as follows:

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

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

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

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

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

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner

1 provided by former Section 311.003(e), Tax Code, before May 31,  
2 1999, and within the boundaries of the zone as those boundaries  
3 existed on September 1, 1999, including subsequent improvements to  
4 the property regardless of when made;

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

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

11 (5) the total dollar amount of any captured appraised  
12 value of property that:

13 (A) is within a reinvestment zone:

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

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

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

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

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

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

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

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

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

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

1           (12) the portion of the appraised value of property  
2 the collection of delinquent taxes on which is deferred under  
3 Section 33.065, Tax Code;

4           (13) the amount by which the market value of a  
5 residence homestead to which Section 23.23, Tax Code, applies  
6 exceeds the appraised value of that property as calculated under  
7 that section; and

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

10         SECTION 4. Section 48.259, Education Code, is repealed.

11         SECTION 5. Section 403.302, Government Code, as amended by  
12 this Act, applies only to a school district property value study  
13 conducted for a tax year that begins on or after January 1, 2026.

14         SECTION 6. This Act takes effect September 1, 2025.