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Homestead Exemption Act

HB 2 – SB 3

Bill Text

A BILL TO BE ENTITLED
AN ACT

relating to an increase in the amount of the exemption of residence homesteads from ad valorem taxation by a school district 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(b), Tax Code, is amended to read as follows:

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

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

(a-2) For [~~Beginning with~~] the 2023-2024 and 2027-2028 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

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have been available to the district under this chapter as it existed on September 1, 2022, if any increase in a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and any additional limitation on tax increases under Section 1-b(d) of that article as proposed by the Legislature, Regular Session, 2023, had not occurred.

(a-3) Beginning with the 2027-2028 school 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 January 1, 2027, if any increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the Legislature, 2026, had not occurred.

SECTION 1.03.

(a-1) For [~~Beginning with~~] the 2023-2024 and 2027-2028 school years [~~year~~], a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 49 is less than the state and local revenue that would have been available to the district under this chapter and Chapter 49 as those chapters existed on September 1, 2022, if any increase in a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, and any additional limitation on tax increases under Section 1-b(d) of that article as proposed by the Legislature, Regular Session, 2023, had not occurred.

(a-2) Beginning with the 2027-2028 school year, a school district is entitled to additional state aid to the extent that state and local revenue under this chapter and Chapter 49 is less than the state and local revenue that would have been available to the district under this chapter and Chapter 49 as those chapters existed on September 1, 2024, if any increase in a

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residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the Legislature, Regular Session, 2026, had not occurred.

ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT

SECTION 2.01. Section 46.071, Education Code, is amended by adding Subsection (f) to read as follows:

(f) A school district may use additional state aid received under this section only to pay the principal of and interest on the bonds for which the district received the aid.

SECTION 2.02. Section 48.2551, Education Code, is amended by adding Subsections (d-3) and (d-4) to read as follows:

(d-3) In calculating and making available school districts' maximum compressed rates under this section for the 2027-2028 school year, the agency shall calculate and make available the rates as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the Legislature, Regular Session, 2026, took effect. This subsection expires September 1, 2027.

(d-4) If the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the Legislature, Regular Session, 2026, does not take effect, the commissioner may adjust school districts' maximum compressed rates under this section for the 2027-2028 school year accordingly. Before making an adjustment under this subsection, the commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the governor. This subsection expires September 1, 2029.

SECTION 2.03. Section 48.283, Education Code, is amended to

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read as follows:

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

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

[~~(2)~~] the amount of state and local revenue that would have been available to [~~which~~] the district [~~would be entitled~~] under this chapter and Chapter 49 for the current school year if the district's maximum compressed tax rate had not been reduced under Section 48.2555, as added by Acts of the Legislature, Regular Session, 2023; and

(2) the amount of state and local revenue available to the district under this chapter and Chapter 49 for the current school year.

ARTICLE 3. EFFECTIVE DATES

SECTION 3.01. Except as otherwise provided by this article:

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

(2) if this Act does not receive the vote necessary for immediate effect, this Act takes effect January 1, 2027.