

## PROPERTY TAX BILLS IN THE 87<sup>th</sup> TEXAS LEGISLATURE THIRD SPECIAL SESSION

Last Updated: October 23, 2021

The third special session of the 87<sup>th</sup> Texas Legislature is over. We have been studying bills for ten straight months. Now, legislators are finally heading home. The third special session resulted in only one proposed constitutional amendment and one related bill. If approved by voters next May, they will raise the general school-tax homestead exemption to \$40,000. The bills that dies are summarized farther below in pale gray type. Of course, we will be happy to answer questions and provide advice about any legislation enacted this year.

### Bills That Passed

#### S.B. 1

**Author: Bettencourt**

**Amends/Enacts: §§26.08 and 31.01 Tax Code; §§45.003 and 48.2555 Education Code**

**Status: Passed by both houses; sent to governor**

**Effective: January 1, 2022 if the constitutional amendment is approved**

#### S,J.R. 2

**Author: Bettencourt**

**Amends/Enacts: Art. VIII §1-b Texas Constitution**

**Effective; January 1, 2022 if approved in election on May 7, 2022**

The general school-tax homestead exemption will rise from \$25,000 to \$40,000. The state will provide school districts with additional money to offset the loss of property-tax revenue.

### Bills That Died

#### Exemptions

#### H.B. 81

**Author: Middleton**

**Amends/Enacts: §11.13 Tax Code**

**Status: Pending in House Ways and Means Committee**

#### H.J.R. 7

**Author: Middleton**

**Amends/Enacts: Art. VIII, §1-b Texas Constitution**  
**Status: Pending in House Ways and Means Committee**

A taxiing unit could adopt a percentage homestead exemption as high as 100%.

**H.B. 115**

**Author: Zwiener**

**Amends/Enacts: §11.13 and 11.26 Tax Code; §§46.071 and 48.2541 Education Code**  
**Status: Pending in House Ways and Means Committee**

**H.J.R. 14**

**Author: Zwiener**

**Amends/Enacts: Art. VIII, §1-b Texas Constitution**  
**Status: Pending in House Ways and Means Committee**

The general school-tax homestead exemption would rise from \$25,000 to \$50,000. Homeowners with existing school-tax freezes would have them adjusted downward to reflect the increased exemption. The state would provide school districts with additional money to offset the loss of property-tax revenue.

**H.B. 132**

**Author: Allison**

**Amends/Enacts: §§1.12, 11.13, 11.262, 23.19, 23.23, 26.012, and 42.26 Tax Code; §§44.004, 46.071, and 48.2543 Education Code; §403.302 Government Code**  
**Status: Pending in House Ways and Means Committee**

**H.J.R. 19**

**Author: Allison**

**Amends/Enacts: Art. VIII, §§1, 1-b, and 1-b-1 Texas Constitution**  
**Status: Pending in House Ways and Means Committee**

Under this proposed constitutional amendment and related bill, a first-time homeowner would receive a total exemption for her homestead in the first year that it qualified if the property had an appraised value of \$300,000 or less. This bill and joint resolution are also discussed under the headings *Appraisals* and *Assessment*.

**H.B. 152**

**Author: Raymond**

**Amends/Enacts: §§11.13 and 11.26 Tax Code; §§46.071 and 48.2543 Education Code**  
**Status: Pending in House Ways and Means Committee**

**H.J.R. 22**

**Author: Raymond**

**Amends/Enacts: Art. III §49-g and Art. VIII §1-b Texas Constitution**  
**Status: Pending in House Ways and Means Committee**

This proposed constitutional amendment and related bill would raise the general school-tax homestead exemption from \$25,000 to \$105,000, but only for the 2023 tax year. Homeowners with existing school-tax freezes would have them adjusted downward temporarily to reflect the increased exemption. The state would provide school districts with additional money to offset the loss of property-tax revenue.

## Appraisals

### H.B. 72

**Author: Vasut**

**Amends/Enacts: §§1.12, 23.23 and 42.26 Tax Code; §403.302 Government Code**

**Status: Pending in House Ways and Means Committee**

### H.J.R. 6

**Author: Vasut**

**Amends/Enacts: Art. VIII, §1 Texas Constitution**

**Status: Pending in House Ways and Means Committee**

This proposed constitutional amendment and related bill would impose a 3.5% cap on year-to-year increases in the appraised values of all real properties. For non-homestead properties, the cap would first apply to a property in the year after the first year that the owner owned it on January 1. It would cease to apply in the first year following a change of ownership unless the new owner were the spouse of the former owner. For a property with multiple owners, a change in 50% or more of the ownership would end the cap.

### H.B. 102

**Author: Cook**

**Amends/Enacts: §23.01 Tax Code**

**Status: Pending in House Ways and Means Committee**

If the appraised value of a property owner's residence homestead were lowered as the result of a protest, an appeal, or an agreement with the appraisal district, the district could not place a higher value on the property in the following year. The district *could* add the value of a new improvement. If the property ceased to be the owner's homestead, the district would be free to reappraise the property in the following year.

### H.B. 132

**Author: Allison**

**Amends/Enacts: §§1.12, 11.13, 11.262, 23.19, 23.23, 26.012, and 42.26 Tax Code; §§44.004, 46.071, and 48.2543 Education Code; §403.302 Government Code**

**Status: Pending in House Ways and Means Committee**

### H.J.R. 19

**Author: Allison**

**Amends/Enacts: Art. VIII, §§1, 1-b, and 1-b-1 Texas Constitution**

**Status: Pending in House Ways and Means Committee**

This proposed constitutional amendment and related bill would impose a 5% cap on year-to-year increases in the appraised values of all residential real properties. For non-homestead properties, the cap would first apply to a property in the year after the first year that the owner owned it on January 1. It would cease to apply in the first year following a change of ownership unless the new owner were the spouse of the former owner. For a property with multiple owners, a change in 50% or more of the ownership would end the cap. This bill and joint resolution are also discussed under the headings, *Exemptions* and *Assessment*.

## Appraisal Districts and ARBs

### Appeals

### Assessment

#### H.B. 1

**Author: Oliverson**

**Amends/Enacts: §§26.08 and 31.01 Tax Code; §§45.003 and 48.2555 Education Code**

**Status: Filed**

This bill would provide additional state aid to school districts and lower their m&o tax rates for the 2022-2023 school year. In 2022, a school district could not adopt a tax rate that exceeded its voter-approval tax rate. A 2022 tax bill for a property would have to state the tax savings using language prescribed by the Comptroller. This bill is also discussed under the heading *School Finance and Value Studies*.

#### H.B. 113

**Author: Middleton**

**Amends/Enacts: §§26.08 and 31.01 Tax Code; §§45.003 and 48.2555 Education Code**

**Status: Pending in House Ways and Means Committee**

This bill (very similar to S.B. 1 discussed below) would provide additional state aid to school districts and lower their m&o tax rates for the 2022-2023 school year. In 2022, a school district could not adopt a tax rate that exceeded its voter-approval tax rate. A 2022 tax bill for a property would have to state the tax savings using language prescribed by the Comptroller. This bill is also discussed under the heading *School Finance and Value Studies*.

#### H.B. 130

**Author: Crockett**

**Amends/Enacts: §31.039**

**Status: Filed**

#### H.J.R. 18

**Author: Crockett**

**Amends/Enacts: Art. VIII, §1-v Texas Constitution**

**Status: Filed**

A property owner who installed a solar energy device on his real property would be entitled to tax credits to offset the cost of acquiring and installing the device. The credits would be spread over six years with the owner receiving a credit each year equal to one-sixth the cost of the device. Each year's credit would be applied to every taxing unit's taxes proportionally. For the first year, the property owner would file an application with the appraisal district, which would forward it to the TAC.

**H.B. 132**

**Author: Allison**

**Amends/Enacts: §§1.12, 11.13, 11.262, 23.19, 23.23, 26.012, and 42.26 Tax Code; §§44.004, 46.071, and 48.2543 Education Code; §403.302 Government Code**

**Status: Filed**

**H.J.R. 19**

**Author: Allison**

**Amends/Enacts: Art. VIII, §1, 1-b, and 1-b-1 Texas Constitution**

**Status: Filed**

Under this proposed constitutional amendment and related bill taxes on a homestead would be frozen after the owner had occupied it as a homestead for 25 consecutive years. The freeze would be adjusted if the owner added a new improvement. The freeze would apply to all taxing units. If the qualifying property owner died, his surviving spouse would inherit the freeze on the same homestead property. This bill and joint resolution re also discussed under the headings *Exemptions* and *Appraisals*.

**H.B. 144**

**Author: Schofield**

**Amends/Enacts: §11.26, 11.261, 23.19, and 26.012 Tax Code**

**Status: Pending in House Ways and Means Committee**

**H.J.R. 21**

**Author: Schofield**

**Amends/Enacts: Art. VIII, §1-b Texas Constitution**

**Status Pending in House Ways and Means Committee**

The school-tax ceiling that applies to the homesteads of people who are over 65 or disabled would apply to all taxing units. In the case of an existing homestead, the ceiling for taxing units other than a school district would be based on 2023 taxes.

**H.B. 148**

**Author: Krause**

**Amends/Enacts: §26.0445 Tax Code**

**Status: Filed**

A county or city receiving federal money for COVID-19 relief would have its 2022 no-new-revenue rate and voter-approval rate reduced so as to effectively deprive the city or county of the federal money.

**S.B. 24**

**Author: Hall**

**Amends/Enacts: §§11.26 and 11.261 Tax Code**

**Status: Filed**

**S.J.R. 6**

**Author: Hall**

**Amends/Enacts: Art. VIII, 1-b Texas Constitution**

**Status: Filed**

This proposed constitutional amendment and related bill would prevent a school district from recalculating the tax freeze on the homestead of an over sixty-five or disabled homeowner in response to the addition of new improvements. Additionally, they would repeal some old language in the Code and the Constitution that concerned recalculating tax freezes to reflect added tax benefits. Going forward, freezes would be based on 2022 taxes. The same thing would apply to local-option tax freezes given by taxing units other than school districts.

**S.B. 25**

**Author: Hall**

**Amends/Enacts: §§1.07, 23.20, 23.46, 23.47, 23.52, 23.524, 23.55, 23.551, 23.58, 23.73, 23.76, 23.86, 23.96, 23.9807, 31.01, 41.41, and 41.44 Tax Code; §60.022 Agriculture Code; and §21.0421 Property Code**

**Status: Filed**

**S.J.R. 7**

**Author: Hall**

**Amends/Enacts: Art. VIII, §1-d Texas Constitution**

**Status: Filed**

This proposed constitutional amendment and related bill would repeal the rollback tax on open-space agricultural land, timberland and all other types of specially appraised land.

## Collections

**H.B. 32**

**Author: Slaton**

**Amends/Enacts: §31.038 Tax Code; §481.078 Government Code; §140.010 Local Government Code**

**Status: Filed**

**H.J.R. 1**

**Author: Slaton**

**Amends/Enacts: Art. VIII, §1-q**

**Status: Filed**

Under this proposed constitutional amendment and related bill. A taxpayer who made a contribution to the state for the purpose of “border security efforts” would be entitled to a property tax credit equal to the contribution. A taxpayer seeking the credit would have to file an application with the appraisal district using a form from the comptroller. The state would reimburse taxing units for the lost revenue.

## School Finance and Value Studies

**H.B. 79**

**Author: Middleton**

**Amends/Enacts: §403.3011 Government Code**

**Status: Filed**

The margin of error used by the comptroller in determining whether a school district's local values are acceptable would increase from 5% to 10%. Under current law, the comptroller will use local values even if a school district fails the value study if the district passed the two preceding value studies and if its local values are at least 90% of the values determined by the comptroller. This bill would ease that requirement to 80%.

**H.B. 89**

**Author: Oliverson**

**Amends/Enacts: §§26.08 and 31.01 Tax Code; §§45.003 and 48.2555 Education Code**

**Status: Pending in House Ways and Means Committee**

This bill would provide additional state aid to school districts and lower their m&o tax rates for the 2022-2023 school year. The bill's proponents anticipate reductions around 6.6¢ in m&o rates. No district's compressed rate would be less than 90% of any other district's compressed rate.

**H.B. 90**

**Author: Oliverson**

**Amends/Enacts: §48.255 Education Code; §403.109 Government Code**

**Status: Passed by House Ways and Means Committee; pending in full House**

The comptroller would deposit into the Property Tax Relief Fund general revenue in an amount equal to 90 percent of the amount by which the amount of general revenue received in a state fiscal biennium exceeded the amount of consolidated general revenue appropriations that could be appropriated for that biennium. The amount deposited could be used only school tax reduction. The compression percentage applicable to school tax rates would be reduced accordingly. If the compression percentage ever reached zero, school districts would never again be able to assess Tier-1 m&o taxes.

**H.B. 91**

**Author: Murr**

**Amends/Enacts: §§26.035 Tax Code**

**Status: Pending in House Ways and Means Committee**

This bill would end school m&o taxes beginning in 2024. Enrichment taxes would still be allowed with a maximum rate of 17¢. A "joint interim committee on the elimination of school district maintenance and operations ad valorem taxes" would study the anticipated effects of increasing and expanding sales taxes as a way of funding schools.

**H.B. 113**

**Author: Middleton**

**Amends/Enacts: §§26.08 and 31.01 Tax Code; §§45.003 and 48.2555 Education Code**

**Status: Pending in House Ways and Means Committee**

This bill (very similar to S.B. 1 discussed below) would provide additional state aid to school districts and lower their m&o tax rates for the 2022-2023 school year. No district's compressed rate would be less than 90% of any other district's compressed rate. This bill is also discussed under the heading *Assessment*.

**H.B. 122**

**Author: Buckley**

**Amends/Enacts: §403.3011 Government Code**  
**Status: Filed**

This bill, which would make school value studies less strict is virtually identical to H.B. 79 discussed above.

## Miscellaneous

**H.B. 116**  
**Author: Huberty**  
**Amends/Enacts: §313.007 Tax Code**  
**Status: Pending in House Ways and Means Committee**

The life of the Economic Development Act would be extended by one year, until the end of 2023.

**H.B. 117**  
**Author: White**  
**Amends/Enacts: N/A**  
**Status: Filed**

This bill would end property taxes and replace them with value added taxes.

**H.B. 121**  
**Author: Craddick**  
**Amends/Enacts: §43.909 Local Government Code**  
**Status: Filed**

A city could not tax real property that did not receive “full municipal services” unless the owner agreed to have his/her property taxed.

**S.B. 42**  
**Author: Campbell**  
**Amends/Enacts: §43.909 Local Government Code**  
**Status: Filed**

A city could not tax real property that did not receive “full municipal services” unless the owner agreed to have his/her property taxed. This bill is virtually identical to H.B. 121 discussed above.