

By: Bettencourt, et al.

S.B. No. 4

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an increase in the amount of the exemption of residence
3 homesteads from ad valorem taxation by a school district and the
4 protection of school districts against certain losses in local
5 revenue.

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

7 ARTICLE 1. PROVISIONS CONTINGENT ON CONSTITUTIONAL AMENDMENT

8 SECTION 1.01. Section 11.13(b), Tax Code, is amended to
9 read as follows:

10 (b) An adult is entitled to exemption from taxation by a
11 school district of \$140,000 [~~\$100,000~~] of the appraised value of
12 the adult's residence homestead, except that only \$5,000 of the
13 exemption applies to an entity operating under former Chapter 17,
14 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
15 May 1, 1995, as permitted by Section 11.301, Education Code.

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

19 (a-2) For [~~Beginning with~~] the 2023-2024 and 2024-2025
20 school years [~~year~~], a school district is entitled to additional
21 state aid under this subchapter to the extent that state and local
22 revenue used to service debt eligible under this chapter is less
23 than the state and local revenue that would have been available to
24 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-3) 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 under Section 1-b(c), Article VIII, Texas
13 Constitution, as proposed by the 89th Legislature, Regular Session,
14 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-3) Subject to Subsections (c-3), (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

1 local interest and sinking revenue for debt service attributable to
2 any increase in a residence homestead exemption under Section
3 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th
4 Legislature, Regular Session, 2025, is not offset by a gain in state
5 aid under this chapter.

6 (c-3) For the purpose of determining state aid under
7 Subsections (a-3) and (b-3), local interest and sinking revenue for
8 debt service is limited to revenue required to service debt
9 eligible under this chapter as of January 1, 2025, including
10 refunding of that debt, subject to Section 46.061. The limitation
11 imposed by Section 46.034(a) does not apply for the purpose of
12 determining state aid under this section.

13 SECTION 1.03. Section 48.2543, Education Code, is amended
14 to read as follows:

15 Sec. 48.2543. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
16 [HOMESTEAD EXEMPTION]. [~~(a) For the 2022-2023 school year, a~~
17 ~~school district is entitled to additional state aid to the extent~~
18 ~~that state and local revenue under this chapter and Chapter 49 is~~
19 ~~less than the state and local revenue that would have been available~~
20 ~~to the district under this chapter and Chapter 49 as those chapters~~
21 ~~existed on September 1, 2021, if any increase in the residence~~
22 ~~homestead exemption under Section 1-b(c), Article VIII, Texas~~
23 ~~Constitution, as proposed by the 87th Legislature, 3rd Called~~
24 ~~Session, 2021, had not occurred.~~

25 ~~[(a-1)]~~ Beginning with the 2025-2026 [~~2023-2024~~] school
26 year, a school district is entitled to additional state aid to the
27 extent that state and local revenue under this chapter, other than

1 former Section 48.2543(a), and Chapter 49 is less than the state and
2 local revenue that would have been available to the district under
3 this chapter and Chapter 49 as those chapters existed on September
4 1, 2022, if any of the following had not occurred:

5 (1) an increase in a residence homestead exemption
6 under Section 1-b(c), Article VIII, Texas Constitution, and any
7 additional limitation on tax increases under Section 1-b(d) of that
8 article as proposed by the 88th Legislature, 2nd Called Session,
9 2023;

10 (2) an increase in a residence homestead exemption
11 under Section 1-b(c), Article VIII, Texas Constitution, as proposed
12 by the 89th Legislature, Regular Session, 2025;

13 (3) a reduction of the amount of the limitation on tax
14 increases provided by Section 11.26(a-10), Tax Code; and

15 (4) a reduction in the district's maximum compressed
16 tax rate under Section 48.2555, as added by Chapter 1 (S.B. 2), Acts
17 of the 88th Legislature, 2nd Called Session, 2023 [~~had not~~
18 ~~occurred~~].

19 [~~(b) The lesser of the school district's currently adopted~~
20 ~~maintenance and operations tax rate or the adopted maintenance and~~
21 ~~operations tax rate for:~~

22 [~~(1) the 2021 tax year is used for the purpose of~~
23 ~~determining additional state aid under Subsection (a); and~~

24 [~~(2) the 2022 tax year is used for the purpose of~~
25 ~~determining additional state aid under Subsection (a-1).~~]

26 SECTION 1.04. Sections 48.2542 and 48.283, Education Code,
27 are repealed.

1 SECTION 1.05. Section 11.13, Tax Code, as amended by this
2 article, applies only to an ad valorem tax year that begins on or
3 after January 1, 2025.

4 ARTICLE 2. PROVISIONS NOT CONTINGENT ON CONSTITUTIONAL AMENDMENT

5 SECTION 2.01. Section 46.071, Education Code, is amended by
6 adding Subsections (d-1) and (d-2) to read as follows:

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

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

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

21 (d-2) The amount of additional state aid provided under this
22 section may not be reduced under Subsection (d-1) to an amount below
23 zero.

24 SECTION 2.02. Section 48.2551, Education Code, is amended
25 by adding Subsection (d-3) to read as follows:

26 (d-3) In calculating and making available school districts'
27 maximum compressed rates under this section for the 2025-2026

1 school year, the agency shall calculate and make available the
2 rates as if the increase in the residence homestead exemption under
3 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
4 the 89th Legislature, Regular Session, 2025, took effect and also
5 as if that increase did not take effect. This subsection expires
6 September 1, 2026.

7 SECTION 2.03. Section 48.283, Education Code, is amended to
8 read as follows:

9 Sec. 48.283. ADDITIONAL STATE AID FOR CERTAIN DISTRICTS
10 IMPACTED BY COMPRESSION. For the 2024-2025 school year, a [A]
11 school district that received an adjustment under Section 48.257(b)
12 for the 2022-2023 school year is entitled to additional state aid
13 [for each school year] in an amount equal to [the amount of that
14 adjustment for the 2022-2023 school year less] the difference, if
15 the difference is greater than zero, between:

16 (1) [the amount to which the district is entitled
17 under this chapter for the current school year, and

18 [(2)] the amount of state and local revenue that would
19 have been available to [which] the district [would be entitled]
20 under this chapter and Chapter 49 for the 2024-2025 [current]
21 school year if the district's maximum compressed tax rate had not
22 been reduced under Section 48.2555, as added by S.B. 2, Acts of the
23 88th Legislature, 2nd Called Session, 2023; and

24 (2) the amount of state and local revenue available to
25 the district under this chapter and Chapter 49 for the 2024-2025
26 school year.

27 SECTION 2.04. Section 49.004, Education Code, is amended by

1 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

2 (a-1) This subsection applies only if the constitutional
3 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
4 2025, is approved by the voters in an election held for that
5 purpose. As soon as practicable after receiving revised property
6 values that reflect adoption of the constitutional amendment, the
7 commissioner shall review the local revenue level of districts in
8 the state and revise as necessary the notifications provided under
9 Subsection (a) for the 2025-2026 school year. This subsection
10 expires September 1, 2026.

11 (b-1) This subsection applies only to a district that has
12 not previously held an election under this chapter. Notwithstanding
13 Subsection (b), a district that enters into an agreement to
14 exercise an option to reduce the district's local revenue level in
15 excess of entitlement under Section 49.002(3), (4), or (5) for the
16 2025-2026 school year may request and, as provided by Section
17 49.0043(a), receive approval from the commissioner to delay the
18 date of the election otherwise required to be ordered before
19 September 1. This subsection expires September 1, 2026.

20 (c-1) Notwithstanding Subsection (c), a district that
21 receives approval from the commissioner to delay an election as
22 provided by Subsection (b-1) may adopt a tax rate for the 2025 tax
23 year before the commissioner certifies that the district has
24 reduced its local revenue level to the level established by Section
25 48.257. This subsection expires September 1, 2026.

26 SECTION 2.05. Subchapter A, Chapter 49, Education Code, is
27 amended by adding Section 49.0043 to read as follows:

1 Sec. 49.0043. TRANSITIONAL PROVISIONS: INCREASED HOMESTEAD
2 EXEMPTIONS. (a) The commissioner shall approve a district's
3 request under Section 49.004(b-1) to delay the date of an election
4 required under this chapter if the commissioner determines that the
5 district would not have a local revenue level in excess of
6 entitlement if the constitutional amendment proposed by S.J.R. 2,
7 89th Legislature, Regular Session, 2025, were approved by the
8 voters.

9 (b) The commissioner shall set a date by which each district
10 that receives approval under this section must order the election.

11 (c) Not later than the 2026-2027 school year, the
12 commissioner shall order detachment and annexation of property
13 under Subchapter G or consolidation under Subchapter H as necessary
14 to reduce the district's local revenue level to the level
15 established by Section 48.257 for a district that receives approval
16 under this section and subsequently:

17 (1) fails to hold the election; or

18 (2) does not receive voter approval at the election.

19 (d) This section expires September 1, 2027.

20 SECTION 2.06. Subchapter A, Chapter 49, Education Code, is
21 amended by adding Section 49.0121 to read as follows:

22 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This
23 section applies only to an election under this chapter that occurs
24 during the 2025-2026 school year.

25 (b) Section 49.012 does not apply to a district that
26 receives approval of a request under Section 49.0043. The district
27 shall hold the election on a Tuesday or Saturday on or before a date

1 specified by the commissioner. Section 41.001, Election Code, does
2 not apply to the election.

3 (c) This section expires September 1, 2026.

4 SECTION 2.07. Section 49.154, Education Code, is amended by
5 adding Subsections (a-2) and (a-3) to read as follows:

6 (a-2) Notwithstanding Subsections (a) and (a-1), a district
7 that receives approval of a request under Section 49.0043 shall pay
8 for credit purchased:

9 (1) in equal monthly payments as determined by the
10 commissioner beginning March 15, 2026, and ending August 15, 2026;
11 or

12 (2) in the manner provided by Subsection (a)(2),
13 provided that the district notifies the commissioner of the
14 district's election to pay in that manner not later than March 15,
15 2026.

16 (a-3) Subsection (a-2) and this subsection expire September
17 1, 2026.

18 SECTION 2.08. Section 49.308, Education Code, is amended by
19 adding Subsection (a-1) to read as follows:

20 (a-1) Notwithstanding Subsection (a), for the 2025-2026
21 school year, the commissioner shall order any detachments and
22 annexations of property under this subchapter as soon as
23 practicable after the canvass of the votes on the constitutional
24 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
25 2025. This subsection expires September 1, 2026.

26 SECTION 2.09. Section 25.23, Tax Code, is amended by adding
27 Subsection (a-1) to read as follows:

1 (a-1) This subsection applies only to the appraisal records
2 for the 2025 tax year. The chief appraiser shall prepare
3 supplemental appraisal records to account for the changes in law
4 made by S.B. 4, Acts of the 89th Legislature, Regular Session,
5 2025. This subsection expires December 31, 2026.

6 SECTION 2.10. Section 26.04, Tax Code, is amended by adding
7 Subsections (a-1) and (c-1) to read as follows:

8 (a-1) On receipt of the appraisal roll for the 2025 tax
9 year, the assessor for a school district shall determine the total
10 taxable value of property taxable by the district and the taxable
11 value of new property as if the changes in law made by S.B. 4, Acts
12 of the 89th Legislature, Regular Session, 2025, were in effect for
13 that tax year. This subsection expires December 31, 2026.

14 (c-1) An officer or employee designated by the governing
15 body of a school district shall calculate the no-new-revenue tax
16 rate and the voter-approval tax rate of the district for the 2025
17 tax year as if the changes in law made by S.B. 4, Acts of the 89th
18 Legislature, Regular Session, 2025, were in effect for that tax
19 year. This subsection expires December 31, 2026.

20 SECTION 2.11. Section 26.08, Tax Code, is amended by adding
21 Subsection (q) to read as follows:

22 (q) For purposes of this section, the voter-approval tax
23 rate of a school district for the 2025 tax year shall be calculated
24 as if the changes in law made by S.B. 4, Acts of the 89th
25 Legislature, Regular Session, 2025, were in effect for that tax
26 year. This subsection expires December 31, 2026.

27 SECTION 2.12. Section 26.09, Tax Code, is amended by adding

1 Subsection (c-1) to read as follows:

2 (c-1) The assessor for a school district shall calculate the
3 amount of tax imposed by the school district on a residence
4 homestead for the 2025 tax year as if the changes in law made by S.B.
5 4, Acts of the 89th Legislature, Regular Session, 2025, were in
6 effect for that tax year and also as if the changes in law made by
7 that Act were not in effect for that tax year. This subsection
8 expires December 31, 2026.

9 SECTION 2.13. Section 26.15, Tax Code, is amended by adding
10 Subsection (h) to read as follows:

11 (h) The assessor for a school district shall correct the tax
12 roll for the district for the 2025 tax year to reflect the results
13 of the election to approve the constitutional amendment proposed by
14 S.J.R. 2, 89th Legislature, Regular Session, 2025. This
15 subsection expires December 31, 2026.

16 SECTION 2.14. Section 31.01, Tax Code, is amended by adding
17 Subsections (d-2), (d-3), (d-4), and (d-5) to read as follows:

18 (d-2) This subsection and Subsections (d-3) and (d-4) apply
19 only to taxes imposed by a school district on a residence homestead
20 for the 2025 tax year and only if the changes in law made by S.B. 4,
21 Acts of the 89th Legislature, Regular Session, 2025, would lower
22 the taxes imposed by the district on the property for that tax year.
23 The assessor for the district shall compute the amount of taxes
24 imposed and the other information required by this section as if the
25 changes in law made by S.B. 4, Acts of the 89th Legislature, Regular
26 Session, 2025, were in effect for that tax year. The tax bill or the
27 separate statement must indicate that the bill is a provisional tax

1 bill and include a statement in substantially the following form:

2 "If the Texas Legislature had not enacted property tax relief
3 legislation during the 2025 legislative session, your tax bill
4 would have been \$_____ (insert amount of tax bill if the changes in
5 law made by S.B. 4, Acts of the 89th Legislature, Regular Session,
6 2025, were not in effect for that tax year). Because of action by
7 the Texas Legislature, your tax bill has been lowered by \$_____
8 (insert difference between amount of tax bill if the changes in law
9 made by S.B. 4, Acts of the 89th Legislature, Regular Session, 2025,
10 were not in effect for that tax year and amount of tax bill if that
11 Act were in effect for that tax year), resulting in a lower tax bill
12 of \$_____ (insert amount of tax bill if the changes in law made by
13 S.B. 4, Acts of the 89th Legislature, Regular Session, 2025, were in
14 effect for that tax year), contingent on the approval by the voters
15 at an election to be held November 4, 2025, of the constitutional
16 amendment proposed by S.J.R. 2, 89th Legislature, Regular Session,
17 2025. If that constitutional amendment is not approved by the
18 voters at the election, a supplemental tax bill in the amount of
19 \$_____ (insert difference between amount of tax bill if the changes
20 in law made by S.B. 4, Acts of the 89th Legislature, Regular
21 Session, 2025, were not in effect for that tax year and amount of
22 tax bill if that Act were in effect for that tax year) will be mailed
23 to you."

24 (d-3) A tax bill prepared by the assessor for a school
25 district as provided by Subsection (d-2) and mailed as provided by
26 Subsection (a) is considered to be a provisional tax bill until the
27 canvass of the votes on the constitutional amendment proposed by

1 S.J.R. 2, 89th Legislature, Regular Session, 2025. If the
2 constitutional amendment is approved by the voters, the tax bill is
3 considered to be a final tax bill for the taxes imposed on the
4 property for the 2025 tax year, and no additional tax bill is
5 required to be mailed unless another provision of this title
6 requires the mailing of a corrected tax bill. If the constitutional
7 amendment is not approved by the voters:

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

12 (2) the amount of taxes imposed by each school
13 district on a residence homestead for the 2025 tax year is
14 calculated as if the changes in law made by S.B. 4, Acts of the 89th
15 Legislature, Regular Session, 2025, were not in effect for that tax
16 year; and

17 (3) except as provided by Subsections (f), (i-1), and
18 (k), the assessor for each school district shall prepare and mail a
19 supplemental tax bill, by December 1 or as soon thereafter as
20 practicable, in an amount equal to the difference between the
21 amount of the tax bill if the changes in law made by S.B. 4, Acts of
22 the 89th Legislature, Regular Session, 2025, were not in effect for
23 that tax year and the amount of the tax bill if that Act were in
24 effect for that tax year.

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

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

3 SECTION 2.15. Section 31.02, Tax Code, is amended by adding
4 Subsection (a-1) to read as follows:

5 (a-1) Except as provided by Subsection (b) of this section
6 and Sections 31.03 and 31.04, taxes for which a supplemental tax
7 bill is mailed under Section 31.01(d-3) are due on receipt of the
8 tax bill and are delinquent if not paid before March 1 of the year
9 following the year in which imposed. This subsection expires
10 December 31, 2026.

11 ARTICLE 3. EFFECTIVE DATES

12 SECTION 3.01. Except as otherwise provided by this article:

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

17 (2) if this Act does not receive the vote necessary for
18 immediate effect, this Act takes effect September 1, 2025.

19 SECTION 3.02. Article 1 of this Act takes effect on the date
20 on which the constitutional amendment proposed by S.J.R. 2, 89th
21 Legislature, Regular Session, 2025, takes effect. If that
22 amendment is not approved by the voters, Article 1 of this Act has
23 no effect.