**88th Texas Legislature, Second Called Special Session**

[**Senate Bill 2**](https://capitol.texas.gov/BillLookup/History.aspx?LegSess=882&Bill=SB2) **– Property Tax Relief Act, Author- Senator Bettencourt**

|  |  |  |  |
| --- | --- | --- | --- |
| **Article** | **Code** | **Summary** | **Effective Date** |
| 1 |  | **This Act may be cited as the Property Tax Relief Act.** |  |
| 2 | Education Code, Chapter 48 | **School District Tax Rate Compression** - Provides for a $0.107 reduction in a school district's maximum compressed tax rate for the 2023-2024 school year. If a district's maximum compressed tax rate after that reduction would be less than 90 percent of another district's maximum compressed tax rate, the district's maximum compressed tax rate is instead the value at which that rate would be equal to 90 percent of the other maximum compressed tax rate. **Maximum compressed Tier I rate for 2023-24 is $0.7950 – 0.107 = $0.668 and the minimum compressed Tier I rate is $0.668 X.90 = $0.6192.** | Date Constitutional Amendment HJR 2 is Passed by Texas Voters |
| 3 | Tax Code Chapter 11;Education Code Chapters 48, 49;Government Code Chapter 403  | **School District Residence Homestead Exemption** - Increases residence homestead exemption from $40,000 to $100,000. Requires the continuation of local option homestead exemptions (lohe) through at least 2027. Extends the benefits of the additional exemption on homesteads of individuals over sixty-five or disabled. Includes hold harmless provisions for school districts related to both maintenance and operational (M&O)/foundation school revenue, and revenues associated with tax collections for bonded dept (I&S). Also provides transitional provisions associated with delaying required elections for lowing excess local tax collections (recapture). | Date Constitutional Amendment (HJR 2) is Passed by Texas Voters |
| 4 | Tax CodeChapters 1, 23, 25, 41, 42 | **Circuit Breaker Limitation on Property Value Increases on the than Homesteads** - Provides a pilot program (3 years) establishing a Circuit Breaker limitation (caps increase at 20% of value from prior year) on increases in value of real property other than residence homestead, valued at no more than $5 million (Tax Year 2024). For Tax Years 2025 and 2026 the comptroller will start with the $5 million cap and multiply it by the percentage increase or decrease during the preceding state fiscal year in the consumer price index. Some exceptions apply to the 20% limit, such as additional square footage and other property improvements.  | January 1, 2024 – Contingent on Passage of Constitutional Amendment (HJR 2) |
| 5 | Tax Code Chapter 6 | **Boards of Directors of Appraisal Districts** - Makes changes to the number and method of selection and eligibility requirements for appraisal district board of directors in counties with a population of 75,000 or more. Five directors are appointed by taxing units, three directors are to be elected by a majority vote in a general election, and the county assessor-collector serves as an ex officio director. Additional rules were added for filling board vacancies by appointment, holding elections and recalling appointed directors. Also, adds requirements related to appointment and removal of appraisal review board (AARB) members and adds responsibilities to taxpayer liaison official.  | Contingent on Passage of Constitutional Amendment (HJR 2) – 07/01/2024Ballot Procedure (5.04) – 91st day after passage of SB 2 |
| 6 | Tax Code, Chapters 25, 26, 31 | **Transitional Tax Year Provisions** – Requires the chief appraiser to prepare supplemental appraisal records to account for the changes in law made by SB 2. Requires calculation of voter-approved and no-new-tax-revenue tax rates as if HJR has been passed by voters. Also, require appraisal districts to prepare tax statements with specific language showing the impact on the amount of taxes due as a result of the passage of SB 2 and the amount of taxes that will become due if the constitutional amendment does not pass.  | Immediately |
| 7 |  | **Contingent on Passage of Franchise Tax Reform Legislation** – SB 2 takes effect only if SB 3 – Franchise Tax Reduction, is also passed by the Texas Legislature and approved by the Governor.  | Final passage and Governor approval of SB 3 |
| 8 |  | **Effective Dates**- see Effective Dates column |  |