

PROPERTY TAX BILLS IN THE 2023 TEXAS LEGISLATURE THIRD SPECIAL SESSION

Last Updated: October 23, 2023

The 88th Texas Legislature is currently conducting its third special at the call of Governor Abbott. The governor has directed legislators to consider:

- “education savings accounts,” commonly called vouchers;
- certain border and immigration issues; and
- COVID 19 vaccinations

Some legislators, however, have filed bills addressing other issues. It is unlikely that those bills will be enacted unless the governor expands the scope of the special session. Those bills are summarized below.

Of course, we will be happy to assist our clients who have questions about legislation.

Appraisals

H.B. 20

Author: Cecil Bell

Amends/Enacts: §23.23 Tax Code

Status: Filed

H.J.R. 4

Author: Cecil Bell

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

Status: Filed

Under this proposed constitutional amendment and related bill, the cap on year-to-year increases in the appraised values of residence homesteads would be reduced to 5% per year.

Appraisal Districts and ARBs

H.B. 13

Author: Cecil Bell

Amends/Enacts: §41.43 Tax Code; §37.10 Penal Code

Status: Filed

If the owner of residential real property produced an appraisal for the appraisal district at least 14 days before the owner's protest hearing and then introduced the appraisal at the hearing, the ARB would have to accept the value stated in the appraisal. The appraisal would have to come from state-certified appraiser, and it would have to be at least 180 days old by the time of the hearing. Even if the district spent the 14 days identifying dozens of mistakes in the appraisal, the ARB would still have to accept the appraised value.

H.B. 60

Author: Cecil Bell

Amends/Enacts: §§1.15, 5.041, 5.042, 5.043, 6.035, 6.05, 6.0501, 6.052, 6.155, 6.41, 6.411, 22.28, 42.21 Tax Code; §172.024 Election Code; §87.041 Local Government Code; §1151.164 Occupations Code

Status: Filed

Chief appraisers would be elected and would serve two-year terms beginning on January 1 of odd-numbered years. In order to serve as the chief appraiser in a county, a person would have to live in that county and would have to have lived there for four years.

S.B. 65

Author: Eckhardt

Amends/Enacts: §6.412 Tax Code

Status: Filed

A public-school teacher could serve on an ARB. This would be an exception to the current law that prohibits all employees of taxing units from serving on ARBs.

Appeals

S.B. 43

Author: Hinojosa

Amends/Enacts: §§41.47, 42.21, 42.222, and 42.28 Tax Code; §22.004 Government Code

Status: Filed

This bill would affect judicial appeals in counties bordering the Gulf of Mexico (other than Harris County). It anticipates that there will be related appeals from ARB orders affecting at least \$1 billion in taxable value. Those appeals could be expedited. Plaintiff property owners bringing the appeals would have to file their lawsuits within thirty days of receiving their ARB orders. Either party to the appeal could request that it be expedited. Even a taxing unit could appear in a case for the limited purpose of requesting that the case be expedited. An expedited case would have to be determined by the trial court by July 25 of the following year.

Assessment

H.B. 156

Author: Schofield

Amends/Enacts: §§11.26 and 33.06 Tax Code

Status: Filed

Every year, by September 1, an appraisal district would report to the comptroller the number of homesteads in the district that qualified for school tax ceilings. The Comptroller would pass that information along to the legislature. This bill is also discussed under the hearing *Collections*.

H.B. 187

Author: Harrison

Amends/Enacts: §§26.012, 26.013, 26.041, 26.042, 26.0501, 26.063, 26.07, 26.075, 31.12, and 33.08 Tax Code; §§45.0032 and 48.202 Education Code; §§3828.157 and 8876.152 Special District Local Laws Code; §§49.057, 49.107, 49.108, 49.236, 49.23601, 49.23602, and 49.23603 Water Code

Status: Filed

This bill would eliminate exceptions to current strict truth-in-taxation laws and generally make those laws even stricter. A taxing unit could no longer add 3.5% or 8% in the calculation of its voter-approval tax rate. Any year-to-year increase in revenues would trigger an election. The bill would redefine current debt service to mean “the minimum dollar amount required” for debt service in the current year. It would eliminate the special rules for special taxing units, taxing units in disaster areas, and cities with fewer than 30,000 people.

H.B. 188

Author: Harrison

Amends/Enacts: §§26.06, 6.063, 26.07, and 26.08 Tax Code; §281.124 Health and Safety Code; §1101.254 Special District Local Laws Code

Status: Filed

A taxing unit could not adopt a tax rate higher than its voter-approval tax rate unless at least 60% of voters approved the higher rate.

S.B. 42

Author: Hinojosa

Amends/Enacts: §§26.012, 26.04, 26.16, 26.17, and 41.48 Tax Code; §403.302 Government Code

Status: Filed

This bill would affect truth-in-taxation calculations for taxing units in counties bordering the Gulf of Mexico (other than Harris County). It anticipates that there will be related appeals from ARB orders affecting at least \$1 billion in taxable value. Property owners bringing the appeals would notify tax collectors of the uncontested taxable values of their properties. A TAC or other person calculating rates for a taxing unit would exclude from current total value, “the portion of the aggregate taxable value of all of the property located in the taxing unit that is included as part of anticipated substantial litigation that consists of contested taxable value.”

Collections

H.B. 156

Author: Schofield

Amends/Enacts: §§11.26 and 33.06 Tax Code

Status: Filed

Every year, by September 1, an appraisal district would report to the comptroller the number of homesteads in the district that were subject to tax deferrals or abatements of tax collections. The Comptroller would pass that information along to the legislature. This bill is also discussed under the hearing *Assessment*.

School Finance and Value Studies

H.B. 28

Author: Cecil Bell

Amends/Enacts: §403.109 Government Code

Status: Filed

At the end of each biennium, the comptroller would deposit into the Property Tax Relief Fund general revenue in an amount equal to half of the amount by which the total available general revenue for that biennium exceeded the amount of total available general revenue stated in the comptroller's biennial revenue estimate for that biennium.

H.B. 99

Author: Cain

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

Status: Filed

The TEA would reduce the compression percentage for school districts in a year to the lowest percentage possible as the result of funds coming into the property tax relief fund and any additional appropriation from the legislature. If the compression percentage were ever zero, a school district could not assess a Tier-1 m&o tax for that school year or any subsequent school year.

After each biennium, the comptroller would deposit into the property tax relief fund 90 of the amount by which the amount of general revenue received in that biennium exceeded the amount of consolidated general revenue appropriations that could be appropriated within the limit on the rate of growth of those appropriations adopted for that biennium. That money could only go toward reducing the compression percentage.

H.B. 105

Author: Capriglione

Amends/Enacts: §44.012 Education Code

Status: Filed

A wealthy school would have to post on its website the share of the district's m&o tax revenue that it had to pay to support less wealthy school districts. Any other school district's website would have to state the share of the district's m&o revenue that came from the state.

H.B. 110

Author: Isaac

Amends/Enacts: §§48.2551 and 48.2552 Education Code

Status: Filed

A school district's maximum compressed tax rate could not be greater than the rate at which the district would receive the same m&o revenue that it received in the preceding year. The bill would repeal §48.2552 which allows a district to have a maximum compressed tax rate equal to 90% of another district's maximum compressed tax rate.

H.B. 115

Author: Plesa

Amends/Enacts: §§26.16 and 31.01 Tax Code

Status: Filed

A wealthy school district's tax bills would have to state the share of the district's m&o tax revenue that it had to pay to support less wealthy school districts. Any other school district's tax bills would have to state the share of the district's m&o revenue that came from the state. Alternatively, a district could put the information on a separate page sent along with its bills. A county TAC would have to post the information for every school district in the county on the county's website.

H.B. 149

Author: Leo-Wilson

Amends/Enacts: §403.3011 Government Code

Status: Filed

Under current law, an "eligible school district" can qualify to have its local values accepted even though it fails a value study if has a recent history of valid local values. A school district can receive this benefit only if certain requirements are met. The school district's appraisal district must have passed its most recent MAP review. Additionally, the aggregate local value of all of the categories of property sampled by the comptroller may not be less than 90 percent of the lower limit of the margin of error as determined by the comptroller. This bill would eliminate those requirements.

H.B. 167

Author: Rogers

Amends/Enacts: §403.302 Government Code

Status: Filed

The margin of error for a school value study would increase from 5% to 10%.

H.J.R. 6

Author: Zwiener

Amends/Enacts: Art. VII, §1 Texas Constitution.

Status: Filed

Under this proposed constitutional amendment, the state would have to pay at least 50% of the cost of public education.

S.B. 63

Author: LaMantia

Amends/Enacts: §§26.165 and 31.01 Tax Code

Status: Filed

A wealthy school district's tax bills would have to state the share of the district's m&o tax revenue that it had to pay to support less wealthy school districts. The county TAC would have to post that information for every wealthy school district on the county's website.

Miscellaneous

H.B. 64

Author: Vasut

Amends/Enacts: The whole Property Tax Code

Status: Filed

This bill would eliminate property taxes. A joint legislative committee would study alternatives.

H.B. 181

Author: Harrison

Amends/Enacts: The whole Property Tax Code

Status: Filed

H.J.R. 7

Author: Harrison

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

Status: Filed

This proposed constitutional amendment and related bill would eliminate property taxes. A joint legislative committee would study replacing property taxes with sales taxes.