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The Legislative Report

House, Senate pass property tax relief package

The Texas House and Senate have sent their property tax relief bills to the Governor on Thursday. The governor can sign, veto, or allow the bills to pass without his signature. The deal:

- Compresses school district tax rates by an average of 10.7 cents to leverage \$12 billion in state funds dedicated for property tax relief.
- Increases school district homestead exemption from \$40,000 to \$100,000.
- Prohibits a school district, municipality, or county that had an optional homestead exemption in tax year 2022 from repealing or reducing the optional exemption until 2028.
- Includes M&O and I&S hold harmless provisions for school districts.
- Caps non-homesteaded properties (both residential and commercial) with an appraised value of \$5 million or less at 20% from the previous year. This will be a 3-year pilot program.
- Increases current franchise tax exemption eligibility from \$1 million to almost \$2.5 million.

July 17, 2023