

BILL ANALYSIS

Senate Research Center

S.B. 2362
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Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Homeowners are currently able to receive an exemption on a homestead property, if adopted by a taxing unit's governing body, of a percentage of the property's appraised value not to exceed 20 percent but at a minimum of \$5,000.

S.B. 2362 seeks to give the governing body of a taxing unit the ability to provide greater tax relief for homestead property owners by increasing the maximum percentage exemption from 20 to 30 percent, and also allowing a fixed dollar exemption instead of a percentage in an amount up to \$25,000. It also sets the minimum exemption amount at the greater of \$5,000 or the fixed dollar exemption amount.

As proposed, S.B. 2362 amends current law relating to the authority of the governing body of a taxing unit to adopt an exemption from ad valorem taxation of an individual's residence homestead.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.13(n), Tax Code, as follows:

(n) Entitles an individual, in addition to any other exemptions provided by this section, to an exemption from taxation by a taxing unit of a percentage of the appraised value of the individual's residence homestead or of a fixed dollar amount, rather than of a percentage of the appraised value of his residence homestead, if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. Entitles the individual, if the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000, or of a greater dollar amount not to exceed \$25,000 adopted by the governing body before July 1 of that tax year in the manner provided by law for official action by the body, when applied to a particular residence homestead, to an exemption of \$5,000 or, if applicable, of the greater dollar amount adopted by the governing body, of the appraised value, rather than entitling the individual to an exemption of not less than \$5,000 when applied to a particular residence homestead. Provides that the percentage adopted by the taxing unit may not exceed 30, rather than 20, percent.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020, contingent upon passage of the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the governing body of a political subdivision that adopts an exemption from ad valorem taxation of a percentage of the market value of an individual's residence homestead to set the minimum dollar amount of the exemption to which an individual is entitled in a tax year.