

## Property:

### Texas: New Law Includes Tax Rate Compression and Three-Year 20% “Circuit Breaker” on Appraisal Increases

S.B. 2, signed by gov. 7/22/23. New law makes various property tax-related changes to the Texas Education Code and Texas Tax Code, such as:

URL: <https://capitol.texas.gov/BillLookup/History.aspx?LegSess=882&Bill=sb2>

1. For the 2023-24 school year, the “maximum compressed rate” (i.e., the tax rate at which a Texas district must levy a maintenance and operation tax to receive the full amount of the Tier 1 education allotment) for Texas school district property taxes is reduced by \$0.107;
2. Limits certain real property tax appraisal increases of non-homestead property (e.g., rental houses, commercial retail, or business properties valued at no more than \$5 million) to a 20% increase, plus the market value of any new improvements to the property during the year, wherein school districts are entitled to additional State aid to account for the reduction in property taxes as a result of these amendments; and
3. Raises the Texas homestead exemption for school district residences from \$40,000 to \$100,000.

See forthcoming Multistate Tax Alert for more details on the various Texas property tax-related law changes included in this legislation, and please contact us with any questions in the meantime.

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