

## 2023 ISD TAX BILLS

This memo is to address questions concerning Senate Bill 2 (88<sup>th</sup>, 2<sup>nd</sup> C.S.) (SB2), particularly as it relates to school district tax bills for 2023. SB2 provides property tax relief from school district taxes in three ways:

- 1) it compresses the Maximum Compressed Rate (MCR) by an additional \$.107/\$100;
- 2) it mandates a further reduction of tax ceilings that were in place in 2021 and are still in place; and
- 3) it grants an additional \$60,000, for a \$100,000 general school homestead exemption.

Even though all three of these actions depend on voter approval of House Joint Resolution (HJR) 2 in November 2023, CADs are required to provide certified rolls (or supplements) at both a \$40K exemption and a \$100K exemption taxable value amount and school districts are directed by SB2 to calculate rates as if the changes in law made by SB2 were in effect for 2023. Assessors must calculate the taxes owed two ways: as if SB2 changes were in effect *and* as if they were not. These amounts, along with the new MCR and the new exemption/ceiling, where applicable, should be provided on the 2023 provisional tax bill.

### Frequently Asked Questions

#### Who gets the provisional Bill?

A provisional bill should be provided to all property owners whose tax amount will be lowered because of changes in law made by SB2. If the Collector only collects for non-school district taxing units, there is no need to send a provisional Bill, a regular Bill is sufficient. Otherwise, since the MCR is lowered because of SB2, any Bill that contains a lowered school district tax amount must receive a provisional Bill.

#### What needs to be in the provisional Bill?

The provisional Bill is to be calculated as if SB2 were in effect. It must include language that **substantially** follows the language in the statute, as shown below:

If the Texas Legislature had not enacted property tax relief legislation during the 2023 legislative session, your tax bill would have been \_\_\_\_**A**\_\_\_\_. Because of action by the Texas Legislature, your tax bill has been lowered by \_\_\_\_**B**\_\_\_\_, resulting in a lower tax bill of \$ \_\_\_\_**C**\_\_\_\_, contingent on the approval by the voters at an election to be held November 7, 2023, of the constitutional amendment proposed by H.J.R. 2, 88<sup>th</sup> Legislature, 2nd Called Session, 2023. If that constitutional amendment is not approved by the voters at the election, a supplemental tax bill in the amount of \$ \_\_\_\_**D**\_\_\_\_ will be mailed to you.

The fields for **A**, **B**, **C**, and **D** will be specific to the property listed in the Bill. **A** is the amount that would be due if SB2 had not passed [that is the value without the increased exemption multiplied by the 2023 adopted rate with \$.107/\$100 added back in, including any ceiling adjusted by Senate Bill 12 (87<sup>th</sup>, 2<sup>nd</sup> C.S. (SB12), but not SB2]. **C** is the amount due with the increased exemption (where applicable) multiplied by the adopted rate (or at the SB2 and SB12 adjusted ceiling). **B** and **D** are the difference between **A** and **C**.

**This looks complicated. If I wait until after the passage of HJR 2 (which will almost certainly occur), can't I simply mail regular statements then?**

No. The language is mandatory for all Bills with a reduction due to SB2. The purpose of the language is not only to inform taxpayers of the consequences of the election, but it also specifically outlines the potential savings to each taxpayer attributed to the Bill. It is possible that the savings of SB2 could be offset by the taxes owed to other taxing units in a consolidated Bill.

**Wait, SB2 uses the word *substantially*. Can I use alternate wording and where do I put it in the Bill?**

The safest option, whenever the Legislature requires that you use language substantially in conformance with a statute, is to use the exact words the Legislature provides unless there is a compelling reason to do otherwise. The language can be anywhere if it is included with or in the Bill.

**I (or my CAD) already completed the software adjustments to the ceilings under SB12 (87<sup>th</sup>, 2<sup>nd</sup> C.S.); what new adjustments are further required by SB2?**

In addition to the ceiling adjustments in SB12, SB2 requires up to two additional deductions. If the homeowner currently has a ceiling and first qualified for 11.13(c) [over 65/disabled] in 2021 or before, you will further deduct the product of \$15,000 times the 2022 total school tax rate. If the homeowner has a ceiling and first qualified for 11.13(c) [over 65/disabled] in 2022 or before, you will further deduct the product of \$60,000 times the 2023 total school tax rate.

Note that this adjustment must be reflected in the provisional Bill and cannot be calculated until the adoption of the 2023 rate.

**What happens if HJR 2 is approved by the voters?**

The tax on the original "provisional" Bill becomes final. The delinquency date will be February 1.

**What happens if HJR 2 does not get approved by the voters?**

In that unlikely scenario, a new Bill would be mailed for the difference noted above by December 1 or as soon thereafter as practicable. That tax is due on receipt. However, it will not go delinquent until March 1.