



Tax Compression Interaction with Senate Bill (SB) 1387

Senate Bill 1 of the 87th Texas Legislature, 3rd Called Session, increased the state-mandatory homestead exemption applicable to school districts from \$25,000 to \$40,000 per eligible homestead and created additional state aid to hold districts harmless for the decrease in local tax revenue. The following guidance assumes that voters will approve the increase in May 2022. Because SB 1 increases the homestead exemption, local district taxable property values (and calculated estimates of district comptroller property values, i.e., "T2") for tax year 2022 will reflect the \$40,000 exemption, while tax year 2021 will reflect the previous exemption of \$25,000. The calculation of state compression will be unaffected by this change, and the calculation of local tax compression will otherwise be identical to prior years except for the differences in homestead exemption levels between tax years.

TEA Technical Assistance in Calculating Tax Rates

The Texas Education Agency will open a data collection from July 18, 2022, through August 1, 2022. This data collection will focus on local school district property tax data for TY 2022 as well as for historical

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