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Texas Lawmakers Prepare \$6 Billion Property Tax Cut

The House and Senate are pursuing separate approaches that would offer greater relief either to homeowners or commercial properties.

March 4, 2025 • **Joshua Fechter**, *The Texas Tribune*



Texas Rep. Morgan Meyer, left, talks with Rep. Jared Patterson on the state House floor. Juan Figueroa/TNS

Texas lawmakers have once more vowed to provide tax relief to property owners, and the House and Senate have so far agreed to spend at least \$6 billion in state. Lawmakers have competing ideas about how to deliver

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to reconcile is whether homeowners or

businesses get the bigger break.

Texans pay some of the highest property tax bills in the country. Gov. Greg Abbott declared lowering them an “**emergency**” item for the **Texas Legislature**, enabling state legislators to move fast to enact cuts.

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Texas lawmakers have already used billions of dollars in state surpluses to help pay for property tax cuts in recent years. Some lawmakers and state budget watchers warn that the current surplus earmarked for additional property tax cuts won’t always be available — and any reductions for property owners could be on the chopping block during an economic downturn.

Both chambers want to send \$3 billion to school districts so they lower their tax rates, a tax-cut method known as “compression.” Decreasing the tax rate would lower property tax bills for homeowners and business owners alike.

“Property tax reduction, in the long run, we believe should focus on controlling tax rates,” Jennifer Rabb, who heads the business-backed Texas Taxpayers and Research Association, told House lawmakers in February. “That is the most effective way to control property taxes.”

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Two Bills in the House

House Bill 8 from Republican state Rep. **Morgan Meyer** would earmark an additional \$2.8 billion for compression, offering more tax relief to both homeowners and businesses

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ands of Texans,” Meyer, who chairs the House’s
tement Friday.

The typical Texas home was valued at around \$302,000 in 2024, **according to Zillow**. The owner of that home paying the average school district tax rate last year would have saved \$204, or about 10%, on their school taxes if the cuts pitched by the House had been enacted then, **a Texas Tribune calculation shows**.

House Bill 9, also from Meyer, would exempt up to \$250,000 of businesses' inventory, often referred to as business personal property, from taxation by any taxing entity, including school districts, cities and counties. Currently, businesses' inventory isn't taxed if it falls below \$2,500 of value. House Speaker **Dustin Burrows** backs the bill.

"Raising the personal property tax exemption ... would be a monumental win for Texas businesses, freeing up funds for business owners to reinvest in the growth of their companies on top of the potential savings provided by buying down property tax rates for all property owners statewide," Burrows said in February.

If House Bill 9 passes, the state would send \$700 million to school districts to pay for the cost of raising the exemption. The exemption would apply to all taxing entities, including cities and counties. Those other entities might adopt higher tax rates than they otherwise would have in order to offset the cost of the exemption.

Senate: Bigger Breaks for Homeowners

Senate lawmakers want to focus further tax cuts on homeowners — calling for a further boost to the state's homestead exemption, which lowers the amount of a home's value that can be taxed to pay for public schools.

Senate Bill 4 from GOP state Sen. **Paul Bettencourt** would raise that exemption to \$140,000 from \$100,000 — at a cost of \$3 billion. "I have made increasing the homestead exemption my mission because it is the best way to deliver meaningful property tax reductions for homeowners," Lt. Gov. **Dan Patrick**, who leads the Senate, said in February.

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der the Senate tax-cut plan than the House plan. school tax rates already in the Senate's proposed d at \$302,000 in 2024, would have saved more s, **a Tribune calculation shows**.

Increasing the homestead exemption “is the most equitable way to reduce property taxes for homeowners,” said Shannon Halbrook, a fiscal policy expert at the left-leaning Every Texan. That’s because every homeowner receives the same exemption regardless of their home’s value. Because they pay a higher percentage of their income on property taxes, poorer homeowners would see a bigger financial benefit under the Senate plan owing to the increased exemption.

Tax rates wouldn’t fall as much under the Senate proposal as they would under the House plan, according to an informal Tribune calculation. That means businesses wouldn’t see as big of relief under the Senate plan — at least so far. Senate budget writers have set aside \$500 million to cut taxes for businesses. But senators haven’t said how exactly they want to dole out those cuts.

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