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# The 2025 Election Brings Tax Relief to Businesses and Homeowners

*O'Connor discusses how the 2025 election brings record tax relief to businesses and homeowners.*

O'CONNOR
Tax Reduction Experts


2025 election brings record tax relief to business and homeowners

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While other states were having national impact elections on November 4, 2025, Texas was focused on benefitting its citizens. Long in the making, the November election saw a significant focus on property taxes. Not only the primary source of funding for most government programs, property taxes typically represent the largest bill Texas homeowners or businesses face. Given this, the numerous property tax cuts and adjustments in the election will have a large impact on the average person in Texas. Passing in a landslide, these tax reforms are going to have a wide-reaching effect in 2026 and beyond, with roughly $50 billion in tax cuts going through.

Over half of all propositions in the election were based around property taxes. Many of these changes have been enshrined in the Texas constitution, meaning they will require a constitutional amendment to undo. This means that homeowners and business owners, can expect these cuts and reforms to stick around. There is a great benefit to all taxpayers in these changes, though how this will affect the state and county governments in the future is not yet known.

Homestead Exemption Jumps from $100,000 to $140,000 Thanks to Proposition 13

The big ticket item of the 2025 election was the increase to the homestead exemption. These reforms are focused on school districts, which generally form the largest of the tax bills seen by Texans. These have already seen cuts in the recent past, with the homestead exemption for school districts being raised from $40,000 to $100,000 in 2023. Proposition 13 enhanced these cuts by raising the exemption to $140,000. This will save the average homeowner several hundred dollars a year.

Homestead exemptions have been a cornerstone of tax relief in Texas and homeowners can expect some huge savings in 2026. Unlike many former tax relief measures, owners will not have to wait until another tax year to benefit from this cut. The new homestead reductions will be retroactively applied to the current tax bills, meaning owners will experience a reduction right away. This instant tax relief is a rarity and will be a welcome gift for the holiday season. While the average savings will differ by county and school district, all taxpayers will benefit greatly.

## Elderly and Disabled Homeowners Received Greater Savings

Texas has been working to take care of both senior and other vulnerable homeowners. For homeowners who are over 65, they typically see a homestead break of $10,000 when it comes to school districts. This amount can be added to their standard homestead exemption, giving them greater savings. The 2025 election saw Proposition 11 be passed. This amendment enhances the over 65 exemption greatly, moving the limit from $10,000 to $60,000. This means with the new amendments that their combined homestead exemptions will total $200,000. The same amount has also been extended to the disabled homestead exemption. Disabled and over 65 exemptions cannot both be applied, so owners must choose one or the other. Thanks to the changes from Proposition 11, there is little functional difference between the two if they are over 65 and disabled. It is believed that many seniors and people with disabilities will pay no school district property tax thanks to Proposition 11.

## New Exemptions Help in the Worst of Circumstances

A few new exemptions were added that provide relief for people who have experienced losses. If a home was destroyed in a fire, Proposition 10 gives homeowners a temporary tax exemption to help them get back on their feet. Previously, it often took a property tax correction to remedy this situation. Proposition 7 also helps those dealing with a powerful loss. This grants a significant tax cut for the spouses of veterans that died while serving or passed away from service-related illnesses. Much like Proposition 10, this fills a previous gap in tax relief.

## New Exemptions Help in the Worst of Circumstances

While Proposition 13 took all of the headlines, Proposition 9 may be the most important for the Texas economy as a whole. This tax break is aimed solely at businesses. Proposition 9 adds a tax exemption for business personal property up to $125,000. This means that for business owners, they will get a tax cut on property that can generate income. This includes inventory, vehicles, machinery, and other equipment needed for a business to function. Previously, the exemption was only $2,500. Obviously, this is a major boon for businesses of all sizes, though small businesses are believed to be the biggest beneficiaries. This also provides relief for properties that are leased out to tenants but does not protect real estate that is sold.

Business personal property (BPP) is already one of the more complex issues facing businesses in Texas, so this provides welcome relief. It looks like one unsung benefit from the changes will be the removal of some red tape, allowing a business to have more flexibility. As some other laws helping small businesses were passed earlier in 2025, this year will hopefully be a transformative one for the lifeblood of the Texas economy. This got a further boost from Proposition 2, which banned any form of capital gains tax. While Texas currently has no such tax, this will prevent any future levies against investment. Capital gains had previously been protected under the ban on income taxes, but this could have been worked around via a loophole. This made 2025 a banner year for businesses.

Other Property Tax Relief

While standard homestead exemptions and BPP breaks make up the majority of saved taxes, there is still more relief for some more niche situations. Proposition 17 provides tax exemptions for border security measures if a homeowner lives in a county along the Mexican border. If the homomer allows state or federal security infrastructure to be built on their property, they will see the value of these improvements exempted from their tax bill. Proposition 5 allows for a BPP exemption for animal feed, with the goal of helping ranchers and farmers across the state.

Balancing the Books

With so many cuts to school funding being passed, it is natural to ask how things will be paid for if over $50 billion suddenly disappears. The current answer is that the state of Texas itself will pay for budget shortfalls. The state has been operating a budget surplus for the past few years, and this will be used to counter the many cuts that local and county governments will see. The goal is to strike the correct balance for homeowners, businesses, and the government.

You can Combine Exemptions with Property Tax Appeals

Due to rising property values and taxes, Texans have been embracing property tax protests like never before. While these new exemption measures will certainly help, a well-executed protest can allow property owners to double-dip on savings. Appeals allow owners to establish the true value of their property, while exemptions then lower this amount even further. These developments have given Texas property owners a chance to reduce their largest bill like never before, and the recent spate of exemptions can only enhance any protest that owners choose to file.

About O'Connor:
O’Connor is one of the largest property tax consulting firms, representing 185,000 clients in 49

states and Canada, handling about 295,000 protests in 2024, with residential property tax reduction services in Texas, Illinois, Georgia, and New York. O’Connor’s possesses the resources and market expertise in the areas of property tax, cost segregation, commercial and residential real estate appraisals. The firm was founded in 1974 and employs a team of 1,000 worldwide. O’Connor’s core focus is enriching the lives of property owners through cost effective tax reduction.

Property owners interested in assistance appealing their assessment can enroll in O’Connor’s Property Tax Protection Program ™. There is no upfront fee, or any fee unless we reduce your property taxes, and easy online enrollment only takes 2 to 3 minutes.

Patrick O'Connor, President
O'Connor
+ + +1 713-375-4128
email us here
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X

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