

RESOLUTION ANALYSIS

C.S.S.J.R. 1
By: Nelson
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that the property tax burden on homeowners should be reduced. C.S.S.J.R. 1 seeks to provide for such a reduction while holding school districts harmless for any local revenue lost as a result.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.J.R. 1 proposes an amendment to the Texas Constitution to increase the amount of the residence homestead exemption from property taxation by a school district from \$15,000 to \$25,000. The resolution requires the legislature, for a residence homestead subject to the limitation on tax increases on homesteads of the elderly or disabled in the 2014 tax year or an earlier tax year, to provide for a reduction in the amount of the limitation for the 2015 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 2015 tax rate for general elementary and secondary public school purposes applicable to the residence homestead. The resolution adds a temporary provision, set to expire January 1, 2017, establishing that the resolution's provisions relating to residence homestead property tax exemptions take effect January 1, 2015, and apply only to a tax year beginning on or after that date.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2015.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.J.R. 1 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the resolution.

SENATE ENGROSSED

SECTION 1. Sections 1-b(c), (d), and (e),

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 1-b(c) and (d), Article

Article VIII, Texas Constitution, are amended to read as follows:

(c) A portion [Fifteen Thousand Dollars (\$15,000)] of the market value of the residence homestead of a married or unmarried adult, including one living alone, equal to 25 percent of the median market value of all residence homesteads in the state is exempt from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law shall specify the method for computing the median market value of residence homesteads for purposes of this subsection.

The legislature by general law may provide that all or part of the exemption does not apply to a district or political subdivision that imposes ad valorem taxes for public education purposes but is not the principal school district providing general elementary and secondary public education throughout its territory. In addition to this exemption, the legislature by general law may exempt an amount not to exceed [~~Ten Thousand Dollars (\$10,000)~~] of the market value of the residence homestead of a person who is disabled as defined in Subsection (b) of this section and of a person [~~sixty-five (65)~~] years of age or older from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law may base the amount of and condition eligibility for the additional exemption authorized by this subsection for disabled persons and for persons [~~sixty-five (65)~~] years of age or older on economic need. An eligible disabled person who is [~~sixty-five (65)~~] years of age or older may not receive both exemptions from a school district but may choose either. An eligible person is entitled to receive both the exemption required by this subsection for all residence homesteads and any exemption adopted pursuant to Subsection (b) of this section, but the legislature shall provide by general law whether an eligible disabled or elderly person may receive both the additional exemption for the elderly and disabled authorized by this subsection and any exemption for the elderly or disabled adopted pursuant to Subsection (b) of this section. Where ad valorem tax has previously been pledged for the payment of debt, the taxing officers of a school district

VIII, Texas Constitution, are amended to read as follows:

(c) The amount of \$25,000 [Fifteen Thousand Dollars (\$15,000)] of the market value of the residence homestead of a married or unmarried adult, including one living alone, is exempt from ad valorem taxation for general elementary and secondary public school purposes.

The legislature by general law may provide that all or part of the exemption does not apply to a district or political subdivision that imposes ad valorem taxes for public education purposes but is not the principal school district providing general elementary and secondary public education throughout its territory. In addition to this exemption, the legislature by general law may exempt an amount not to exceed [~~Ten Thousand Dollars (\$10,000)~~] of the market value of the residence homestead of a person who is disabled as defined in Subsection (b) of this section and of a person [~~sixty-five (65)~~] years of age or older from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law may base the amount of and condition eligibility for the additional exemption authorized by this subsection for disabled persons and for persons [~~sixty-five (65)~~] years of age or older on economic need. An eligible disabled person who is [~~sixty-five (65)~~] years of age or older may not receive both exemptions from a school district but may choose either. An eligible person is entitled to receive both the exemption required by this subsection for all residence homesteads and any exemption adopted pursuant to Subsection (b) of this section, but the legislature shall provide by general law whether an eligible disabled or elderly person may receive both the additional exemption for the elderly and disabled authorized by this subsection and any exemption for the elderly or disabled adopted pursuant to Subsection (b) of this section. Where ad valorem tax has previously been pledged for the payment of debt, the taxing officers of a school district

may continue to levy and collect the tax against the value of homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The legislature shall provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of this subsection, Subsection (d) of this section, and Section 1-d-1 of this article. An appropriation made to fund formulas protecting school districts against all or part of the revenue loss resulting from the increase in the residence homestead exemption under this subsection and the additional limitation on tax increases under Subsection (d) of this section, as proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015, is not an appropriation subject to the limitation on the rate of growth of appropriations established under Section 22 of this article and shall be excluded from computations used to determine whether appropriations exceed the amount authorized by that section [Article VIII, Sections 1-b(c), 1-b(d), and 1-d-1, of this constitution]. The legislature by general law may define residence homestead for purposes of this section.

(d) Except as otherwise provided by this subsection, if a person receives a residence homestead exemption prescribed by Subsection (c) of this section for homesteads of persons who are ~~[sixty-five-(]65[)]~~ years of age or older or who are disabled, the total amount of ad valorem taxes imposed on that homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person or that person's spouse who receives the exemption. If a person ~~[sixty-five-(]65[)]~~ years of age or older dies in a year in which the person received the exemption, the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is ~~[fifty-five-(]55[)]~~ years of age or older at the time of the person's death, subject to any exceptions provided by general law. The legislature, by general law, may provide for

may continue to levy and collect the tax against the value of homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The legislature shall provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of this subsection, Subsection (d) of this section, and Section 1-d-1 of this article.

~~[Article VIII, Sections 1-b(c), 1-b(d), and 1-d-1, of this constitution]~~. The legislature by general law may define residence homestead for purposes of this section.

(d) Except as otherwise provided by this subsection, if a person receives a residence homestead exemption prescribed by Subsection (c) of this section for homesteads of persons who are ~~[sixty-five-(] 65[)]~~ years of age or older or who are disabled, the total amount of ad valorem taxes imposed on that homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person or that person's spouse who receives the exemption. If a person ~~[sixty-five-(] 65[)]~~ years of age or older dies in a year in which the person received the exemption, the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is ~~[fifty-five-(] 55[)]~~ years of age or older at the time of the person's death, subject to any exceptions provided by general law. The legislature, by general law, may provide for

the transfer of all or a proportionate amount of a limitation provided by this subsection for a person who qualifies for the limitation and establishes a different residence homestead. However, taxes otherwise limited by this subsection may be increased to the extent the value of the homestead is increased by improvements other than repairs or improvements made to comply with governmental requirements and except as may be consistent with the transfer of a limitation under this subsection. For a residence homestead subject to the limitation provided by this subsection in the 1996 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 1997 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 1997 tax rate for general elementary and secondary public school purposes applicable to the residence homestead. For a residence homestead subject to the limitation provided by this subsection in the 2014 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 2015 tax year and subsequent tax years in an amount equal to the amount computed by subtracting \$15,000 from the amount equal to 25 percent of the median market value in the 2015 tax year of all residence homesteads in the state as determined in accordance with a general law enacted under Subsection (c) of this section and multiplying that amount by the 2015 tax rate for general elementary and secondary public school purposes applicable to the residence homestead.

(e) The governing body of a political subdivision, other than a county education district, may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone. In the manner provided by law, the voters of a county education district at an election held for that purpose may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone. The percentage may not exceed twenty percent. However, the amount of an exemption authorized pursuant to this subsection may not be less than ~~Five~~

the transfer of all or a proportionate amount of a limitation provided by this subsection for a person who qualifies for the limitation and establishes a different residence homestead. However, taxes otherwise limited by this subsection may be increased to the extent the value of the homestead is increased by improvements other than repairs or improvements made to comply with governmental requirements and except as may be consistent with the transfer of a limitation under this subsection. For a residence homestead subject to the limitation provided by this subsection in the 1996 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 1997 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 1997 tax rate for general elementary and secondary public school purposes applicable to the residence homestead. For a residence homestead subject to the limitation provided by this subsection in the 2014 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 2015 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 2015 tax rate for general elementary and secondary public school purposes applicable to the residence homestead.

~~No equivalent provision.~~

~~Thousand Dollars—(\$5,000[+])~~ unless the legislature by general law prescribes other monetary restrictions on the amount of the exemption. The legislature by general law may prohibit the governing body of a political subdivision that adopts an exemption under this subsection from reducing the amount of or repealing the exemption. An eligible adult is entitled to receive other applicable exemptions provided by law. Where ad valorem tax has previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect the tax against the value of the homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The legislature by general law may prescribe procedures for the administration of residence homestead exemptions.

SECTION 2. Article VIII, Texas Constitution, is amended by adding Section 29 to read as follows:

Sec. 29. A tax may not be imposed or collected on the conveyance of an interest in real property, including a conveyance by sale, lease, or other transfer of title to or interest in the property.

SECTION 3. The following temporary provision is added to the Texas Constitution: TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by S.J.R. No. 1, 84th Legislature, Regular Session, 2015.

(b) The amendments to Sections 1-b(c), (d), and (e), Article VIII, of this constitution take effect for the tax year beginning January 1, 2015.

(c) This temporary provision expires January 1, 2017.

SECTION 4. This proposed constitutional amendment shall be submitted to the voters at an election to be held ~~September 12, 2015~~. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing for an exemption from ad valorem taxation for public school purposes of a portion of the market value of a residence homestead equal

No equivalent provision.

SECTION 2. The following temporary provision is added to the Texas Constitution: TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015.

(b) The amendments to Sections 1-b(c) and (d), Article VIII, of this constitution take effect for the tax year beginning January 1, 2015.

(c) This temporary provision expires January 1, 2017.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held ~~November 3, 2015~~. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to

to 25 percent of the median market value of all residence homesteads in the state, providing for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead of an elderly or disabled person to reflect the increased exemption amount, providing that an appropriation of state tax revenues to protect school districts against the resulting revenue loss is not an appropriation of state tax revenues dedicated by the constitution for purposes of the restriction on the rate of growth of appropriations from undedicated state tax revenues, authorizing the legislature to prohibit a political subdivision that has adopted an optional residence homestead exemption from reducing the amount of or repealing the exemption, and prohibiting the imposition or collection of a tax on the conveyance, including by sale, lease, or other transfer, of an interest in real property."

\$25,000 and providing for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead of an elderly or disabled person to reflect the increased exemption amount."