

## **BILL ANALYSIS**

Senate Research Center  
79R8336 JD-D

S.J.R. 4  
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Finance  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

In 1997, the Texas Legislature amended the Tax Code to set a 10 percent cap on the annual increase of the appraised value of residence homesteads. S.J.R. 4 proposes a state constitutional amendment to lower the current appraisal cap on residence homesteads to five percent. S.J.R. 4 gives local control to local taxing units by allowing them to opt out of the appraisal cap by a majority vote of the governing board.

This resolution and the accompanying enabling legislation require local taxing units to raise tax rates, rather than appraisals, to collect more revenue. Taxing units that propose higher tax rates are subject to truth-in-taxation provisions, which call for certain notice and public hearing requirements. Appraisal districts are not subject to these provisions when raising property appraisals.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1, Article VIII, Texas Constitution, by amending Subsection (i) and adding Subsection (i-1), as follows:

(i) Authorizes the legislature by general law, notwithstanding Subsections (a) and (b), to limit the maximum average annual percentage increase in the appraised value of residence homesteads for ad valorem tax purposes to five, rather than ten, percent, or a greater percentage, for each year since the most recent tax appraisal.

(i-1) Authorizes the legislature by general law to authorize the governing body of a taxing unit to determine whether a limitation on appraisal increases established under Subsection (i) of this section is required to apply to taxation of residence homesteads by the taxing unit.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2005. Requires the ballot to be printed to permit voting for or against the proposition. Sets forth the specific language for the proposition.