

BILL ANALYSIS

Senate Research Center
79S20095 JD-D

S.J.R. 8
By: Barrientos
Finance
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Increasing the homestead exemption is consistent with the will of the 75th Legislature, Regular Session, 1997, and more recently, during the 78th Legislature, 4th Called Session, 2003, when the house of representatives voted in favor of an increase in the exemption.

S.J.R. 8, increases the homestead exemption for school taxes from \$15,000 to \$30,000 to spread property tax reductions amongst owners of moderately priced homes. It also includes a provision which ensures the elderly and disabled to receive a commensurate benefit in their property tax bills in the event of a rate reduction.

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 Sections 1-b(c) and (d), Article VIII, Texas Constitution, as follows:

(c) Provides that \$30,000, rather than \$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. Makes nonsubstantive changes.

(d) Provides that if a person receives the limitation provided by this subsection for the person's residence homestead and the person or the person's spouse received the limitation in the preceding tax year for that homestead and the tax rate for general elementary and secondary public school purposes applicable to the homestead for the current tax year is higher or lower than the tax rate for those purposes applicable to that homestead for the preceding tax year, the limitation provided by this subsection on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead is increased or reduced, as applicable, in proportion to the increase or reduction in the tax rate, except that the total amount of ad valorem taxes that may be imposed for those purposes on the homestead is prohibited from exceeding the amount of taxes imposed for those purposes for the later of the 2005 tax year or the tax year in which the limitation took effect, as that limitation may have been increased in subsequent tax years or may be increased for the current tax year because of improvements as authorized by this subsection.

Requires the legislature to reduce the amount of the limitation for the 2006, rather than 1997, tax year and subsequent years in an amount equal to \$15,000, rather than \$10,000, multiplied by the 2006 tax rate for general elementary and secondary school purposes applicable to the residence homestead, for a residence homestead subject to the limitation provided by this subsection in the 2005, rather than 1996, tax year or an earlier tax year.

SECTION 2. Amends the Texas Constitution to add the following temporary provision:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 79th Legislature, 2nd Called Session, 2005, increasing the amount of the residence homestead exemption from ad valorem taxation

for public school purposes and providing for a corresponding adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homesteads of certain persons and expires January 1, 2007.

(b) Makes application of Sections 1-b(c) and (d), Article VIII, Texas Constitution, prospective to January 1, 2006.

SECTION 3. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 8, 2005. Requires the ballot to be printed to permit voting for or against the proposition, and sets forth the specific language of the proposition.