

BILL ANALYSIS

Senate Research Center
84R16330 SMH/TJB-D

C.S.S.J.R. 1
By: Nelson et al.
Finance
3/17/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.J.R. 1 reduces the property tax burden on homeowners by increasing the homestead exemption for school district taxes from \$15,000 to 25 percent of Texas home median market value. The exemption amounts are estimated to be \$33,625 in 2016 and \$35,979 in 2017.

In addition, C.S.S.J.R. 1 holds harmless the school districts as a result of the increased homestead exemption. The homestead exemption increase applies to homeowners beginning January 1, 2015, ensuring that tax relief is received as soon as possible.

C.S.S.J.R. 1 also provides that the legislature may require local taxing units that currently offer the optional homestead exemption to maintain the currently offered exemptions.

C.S.S.J.R. 1 prohibits the imposition of any tax on the sale of real property.

C.S.S.J.R. 1 proposes a constitutional amendment providing an exemption from ad valorem taxation for public school purposes of a portion of the market value of a residence homestead based on 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 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 of an interest in real property.

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), (d), and (e), Article VIII, Texas Constitution, as follows:

(c) Provides that a portion, rather than 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. Requires the legislature by general law to specify the method for computing the median market value of residence homesteads for purposes of this subsection. Requires the legislature to 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 (Taxation of Certain Open-space Land) of this article, rather than Article VIII, Sections 1-b(c), 1-b(d), and 1-d-1, of this constitution. Provides that an appropriation of state tax revenues 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 an appropriation of state tax revenues dedicated by this constitution for purposes of Section 22 of this article. Authorizes the legislature by general law to define residence homestead for purposes of this section. Makes nonsubstantive changes.

(d) Provides that, 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 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. Provides that the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes, if a person 65 years of age or older dies in a year in which the person received the exemption, may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death, subject to any exceptions provided by general law. Requires the legislature, for a residence homestead subject to the limitation provided by this subsection 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 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. Makes nonsubstantive changes.

(e) Authorizes the legislature by general law to prohibit the governing body of a political subdivision that adopts an exemption under this subsection from reducing the amount of or repealing the exemption. Makes a nonsubstantive change.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 29, as follows:

Sec. 29. Prohibits a tax from being 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. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by S.J.R. No. 1, 84th Legislature, Regular Session, 2015.

(b) Provides that 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) Provides that this temporary provision expires January 1, 2017.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held September 12, 2015. Sets forth the required language for the ballot.