

By: Vasut

H.B. No. 34

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the elimination of ad valorem taxes and the creation of  
3 a joint interim committee on the elimination of those taxes.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. (a) Title 1, Tax Code, is repealed.

6 (b) Notwithstanding any other law, this state or a political  
7 subdivision of this state may not impose an ad valorem tax. To the  
8 extent of a conflict, this section controls over a conflicting  
9 provision in a general or special law.

10 (c) The change in law made by this section does not affect  
11 tax liability accruing before the effective date of this section.  
12 That liability continues in effect as if this section had not been  
13 enacted, and the former law is continued in effect for the  
14 collection of taxes due and for civil and criminal enforcement of  
15 the liability for those taxes.

16 (d) This section takes effect January 1, 2033.

17 SECTION 2. (a) In this section, "committee" means the joint  
18 interim committee on the elimination of ad valorem taxes.

19 (b) The joint interim committee on the elimination of ad  
20 valorem taxes is composed of:

21 (1) five members of the house of representatives  
22 appointed by the speaker of the house of representatives; and

23 (2) five senators appointed by the lieutenant  
24 governor.

1 (c) The speaker of the house of representatives and the  
2 lieutenant governor shall make the appointments under Subsection  
3 (b) of this section not later than November 1, 2023.

4 (d) The speaker of the house of representatives and the  
5 lieutenant governor shall each designate a co-chair from among the  
6 committee members.

7 (e) The committee shall convene at the joint call of the  
8 co-chairs.

9 (f) The committee has all other powers and duties provided  
10 to a special or select committee by the rules of the senate and  
11 house of representatives, by Subchapter B, Chapter 301, Government  
12 Code, and by policies of the senate and house committees on  
13 administration.

14 (g) The committee shall conduct a comprehensive study of  
15 alternative methods of taxation to replace local tax revenue that  
16 will be lost when ad valorem taxes are eliminated.

17 (h) For each alternative method of taxation considered by  
18 the committee, the committee shall:

19 (1) consider whether political subdivisions that  
20 currently impose ad valorem taxes would have the authority to  
21 impose the proposed alternative tax;

22 (2) determine the average tax rate for the proposed  
23 alternative tax imposed by each type of political subdivision that  
24 would be necessary to generate the same amount of tax revenue as the  
25 amount of tax revenue lost as a result of the elimination of ad  
26 valorem taxes;

27 (3) determine, if appropriate, the effect that

1 broadening the application of the proposed alternative tax at the  
2 local level would have on the tax rates identified under  
3 Subdivision (2) of this subsection;

4           (4) identify whether tax revenue generated by the  
5 proposed alternative tax would require redistribution to offset  
6 disparities in available local tax revenue as a result of the  
7 elimination of ad valorem taxes and, if so, evaluate the different  
8 mechanisms of redistribution available; and

9           (5) identify and examine any other issue that would  
10 need to be addressed to implement the elimination of ad valorem  
11 taxes.

12           (i) On request of the committee, a state agency or political  
13 subdivision shall provide information for and assistance in  
14 conducting the study under this section.

15           (j) Not later than November 1, 2024, the committee shall  
16 prepare and submit to the legislature a written report containing  
17 the results of the study and any recommendations for legislative or  
18 other action.

19           (k) The committee is abolished and this section expires  
20 January 1, 2025.

21           SECTION 3. Except as otherwise provided by this Act, this  
22 Act takes effect September 1, 2023.