

By: Bettencourt, et al.

S.J.R. No. 3

1 SENATE JOINT RESOLUTION

2 proposing a constitutional amendment to authorize the legislature
3 to exempt from ad valorem taxation a portion of the market value of
4 tangible personal property that is held or used for the production
5 of income, to increase the amount of certain exemptions from ad
6 valorem taxation by a school district applicable to residence
7 homesteads, to adjust the amount of the limitation on school
8 district ad valorem taxes imposed on the residence homesteads of
9 the elderly or disabled to reflect increases in the exemption
10 amounts, and to except certain appropriations to pay for school
11 district ad valorem tax relief from the constitutional limitation
12 on the rate of growth of appropriations.

13 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

14 SECTION 1. Section 1(g), Article VIII, Texas Constitution,
15 is amended to read as follows:

16 (g) The Legislature by general law may exempt from ad
17 valorem taxation \$25,000 of the market value of tangible personal
18 property that is held or used for the production of income [~~and has~~
19 ~~a taxable value of less than the minimum amount sufficient to~~
20 ~~recover the costs of the administration of the taxes on the~~
21 ~~property, as determined by or under the general law granting the~~
22 ~~exemption~~].

23 SECTION 2. Sections 1-b(c) and (d), Article VIII, Texas
24 Constitution, are amended to read as follows:

1 (c) The amount of \$70,000 [~~\$40,000~~] of the market value of
2 the residence homestead of a married or unmarried adult, including
3 one living alone, is exempt from ad valorem taxation for general
4 elementary and secondary public school purposes. The legislature
5 by general law may provide that all or part of the exemption does
6 not apply to a district or political subdivision that imposes ad
7 valorem taxes for public education purposes but is not the
8 principal school district providing general elementary and
9 secondary public education throughout its territory. In addition
10 to this exemption, the legislature by general law may exempt an
11 amount not to exceed \$30,000 [~~\$10,000~~] of the market value of the
12 residence homestead of a person who is disabled as defined in
13 Subsection (b) of this section and of a person 65 years of age or
14 older from ad valorem taxation for general elementary and secondary
15 public school purposes. The legislature by general law may base the
16 amount of and condition eligibility for the additional exemption
17 authorized by this subsection for disabled persons and for persons
18 65 years of age or older on economic need. An eligible disabled
19 person who is 65 years of age or older may not receive both
20 exemptions from a school district but may choose either. An
21 eligible person is entitled to receive both the exemption required
22 by this subsection for all residence homesteads and any exemption
23 adopted pursuant to Subsection (b) of this section, but the
24 legislature shall provide by general law whether an eligible
25 disabled or elderly person may receive both the additional
26 exemption for the elderly and disabled authorized by this
27 subsection and any exemption for the elderly or disabled adopted

1 pursuant to Subsection (b) of this section. Where ad valorem tax
2 has previously been pledged for the payment of debt, the taxing
3 officers of a school district may continue to levy and collect the
4 tax against the value of homesteads exempted under this subsection
5 until the debt is discharged if the cessation of the levy would
6 impair the obligation of the contract by which the debt was created.
7 The legislature shall provide for formulas to protect school
8 districts against all or part of the revenue loss incurred by the
9 implementation of this subsection, Subsection (d) of this section,
10 and Section 1-d-1 of this article. The legislature by general law
11 may define residence homestead for purposes of this section.

12 (d) Except as otherwise provided by this subsection, if a
13 person receives a residence homestead exemption prescribed by
14 Subsection (c) of this section for homesteads of persons who are 65
15 years of age or older or who are disabled, the total amount of ad
16 valorem taxes imposed on that homestead for general elementary and
17 secondary public school purposes may not be increased while it
18 remains the residence homestead of that person or that person's
19 spouse who receives the exemption. If a person who is 65 years of
20 age or older or who is disabled dies in a year in which the person
21 received the exemption, the total amount of ad valorem taxes
22 imposed on the homestead for general elementary and secondary
23 public school purposes may not be increased while it remains the
24 residence homestead of that person's surviving spouse if the spouse
25 is 55 years of age or older at the time of the person's death,
26 subject to any exceptions provided by general law. The
27 legislature, by general law, may provide for the transfer of all or

1 a proportionate amount of a limitation provided by this subsection
2 for a person who qualifies for the limitation and establishes a
3 different residence homestead. However, taxes otherwise limited
4 by this subsection may be increased to the extent the value of the
5 homestead is increased by improvements other than repairs or
6 improvements made to comply with governmental requirements and
7 except as may be consistent with the transfer of a limitation under
8 this subsection. For a residence homestead subject to the
9 limitation provided by this subsection in the 1996 tax year or an
10 earlier tax year, the legislature shall provide for a reduction in
11 the amount of the limitation for the 1997 tax year and subsequent
12 tax years in an amount equal to \$10,000 multiplied by the 1997 tax
13 rate for general elementary and secondary public school purposes
14 applicable to the residence homestead. For a residence homestead
15 subject to the limitation provided by this subsection in the 2014
16 tax year or an earlier tax year, the legislature shall provide for a
17 reduction in the amount of the limitation for the 2015 tax year and
18 subsequent tax years in an amount equal to \$10,000 multiplied by the
19 2015 tax rate for general elementary and secondary public school
20 purposes applicable to the residence homestead. For a residence
21 homestead subject to the limitation provided by this subsection in
22 the 2021 tax year or an earlier tax year, the legislature shall
23 provide for a reduction in the amount of the limitation for the 2023
24 tax year and subsequent tax years in an amount equal to \$15,000
25 multiplied by the 2022 tax rate for general elementary and
26 secondary public school purposes applicable to the residence
27 homestead. Beginning with the 2023 tax year, for any tax year in

1 which the amount of the exemption provided by Subsection (c) of this
2 section applicable to the residence homestead of a married or
3 unmarried adult, including one living alone, or the amount of the
4 exemption provided by Subsection (c) of this section applicable to
5 the residence homestead of a person who is disabled as defined by
6 Subsection (b) of this section and of a person 65 years of age or
7 older is increased, the legislature shall provide for a reduction
8 for that tax year and subsequent tax years in the amount of the
9 limitation provided by this subsection applicable to a residence
10 homestead that was subject to the limitation in the tax year
11 preceding the tax year in which the amount of the exemption is
12 increased in an amount equal to the amount by which the amount of
13 the exemption is increased multiplied by the tax rate for general
14 elementary and secondary public school purposes applicable to the
15 residence homestead for the tax year in which the amount of the
16 exemption is increased.

17 SECTION 3. Section 22, Article VIII, Texas Constitution, is
18 amended by adding Subsection (a-1) to read as follows:

19 (a-1) Appropriations from state tax revenues not dedicated
20 by this constitution that are made for the purpose of paying for
21 school district ad valorem tax relief as identified by the
22 legislature by general law are not included as appropriations for
23 purposes of determining whether the rate of growth of
24 appropriations exceeds the limitation prescribed by Subsection (a)
25 of this section.

26 SECTION 4. The following temporary provision is added to
27 the Texas Constitution:

1 TEMPORARY PROVISION. (a) This temporary provision applies
2 to the constitutional amendment proposed by the 88th Legislature,
3 Regular Session, 2023, to authorize the legislature to exempt from
4 ad valorem taxation a portion of the market value of tangible
5 personal property that is held or used for the production of income,
6 to increase the amount of certain exemptions from ad valorem
7 taxation by a school district applicable to residence homesteads,
8 to adjust the amount of the limitation on school district ad valorem
9 taxes imposed on the residence homesteads of the elderly or
10 disabled to reflect increases in the exemption amounts, and to
11 except certain appropriations to pay for school district ad valorem
12 tax relief from the constitutional limitation on the rate of growth
13 of appropriations.

14 (b) The amendment to Section 1(g), Article VIII, of this
15 constitution takes effect for the tax year beginning January 1,
16 2024.

17 (c) The amendments to Sections 1-b(c) and (d), Article VIII,
18 of this constitution take effect for the tax year beginning January
19 1, 2023.

20 (d) The amendment to Section 22, Article VIII, of this
21 constitution applies to appropriations made for the state fiscal
22 biennium beginning September 1, 2023, and subsequent state fiscal
23 bienniums.

24 (e) This temporary provision expires January 1, 2025.

25 SECTION 5. This proposed constitutional amendment shall be
26 submitted to the voters at an election to be held November 7, 2023.
27 The ballot shall be printed to permit voting for or against the

1 proposition: "The constitutional amendment to increase the amount
2 of the residence homestead exemption from ad valorem taxation for
3 public school purposes from \$40,000 to \$70,000 and increase the
4 amount of the exemption applicable to the residence homestead of a
5 person who is disabled or is 65 years of age or older from ad valorem
6 taxation for public school purposes from \$10,000 to \$30,000; to
7 adjust the amount of the limitation on ad valorem taxes for public
8 school purposes imposed on the residence homestead of a person who
9 is disabled or is 65 years of age or older to reflect increases in
10 the exemption amounts; to authorize the legislature to exempt from
11 ad valorem taxation \$25,000 of the market value of tangible
12 personal property that is held or used for the production of income;
13 and to except certain appropriations to pay for school district ad
14 valorem tax relief from the constitutional limitation on the rate
15 of growth of appropriations."