

1-1 By: Bettencourt, et al. S.J.R. No. 3
 1-2 (In the Senate - Filed March 1, 2023; March 3, 2023, read
 1-3 first time and referred to Committee on Local Government;
 1-4 March 13, 2023, rereferred to Committee on Finance;
 1-5 March 21, 2023, reported adversely, with favorable Committee
 1-6 Substitute by the following vote: Yeas 16, Nays 0; March 21, 2023,
 1-7 sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9				
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23	X			
1-24	X			
1-25	X			
1-26	X			

1-27 COMMITTEE SUBSTITUTE FOR S.J.R. No. 3 By: Bettencourt

1-28 SENATE JOINT RESOLUTION

1-29 proposing a constitutional amendment to authorize the legislature
 1-30 to exempt from ad valorem taxation a portion of the market value of
 1-31 tangible personal property that is held or used for the production
 1-32 of income, to increase the amount of certain exemptions from ad
 1-33 valorem taxation by a school district applicable to residence
 1-34 homesteads, to adjust the amount of the limitation on school
 1-35 district ad valorem taxes imposed on the residence homesteads of
 1-36 the elderly or disabled to reflect increases in the exemption
 1-37 amounts, and to except certain appropriations to pay for school
 1-38 district ad valorem tax relief from the constitutional limitation
 1-39 on the rate of growth of appropriations.

1-40 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-41 SECTION 1. Section 1(g), Article VIII, Texas Constitution,
 1-42 is amended to read as follows:

1-43 (g) The Legislature by general law may exempt from ad
 1-44 valorem taxation \$25,000 of the market value of tangible personal
 1-45 property that is held or used for the production of income [~~and has~~
 1-46 ~~a taxable value of less than the minimum amount sufficient to~~
 1-47 ~~recover the costs of the administration of the taxes on the~~
 1-48 ~~property, as determined by or under the general law granting the~~
 1-49 ~~exemption~~].

1-50 SECTION 2. Sections 1-b(c) and (d), Article VIII, Texas
 1-51 Constitution, are amended to read as follows:

1-52 (c) The amount of \$70,000 [~~\$40,000~~] of the market value of
 1-53 the residence homestead of a married or unmarried adult, including
 1-54 one living alone, is exempt from ad valorem taxation for general
 1-55 elementary and secondary public school purposes. The legislature
 1-56 by general law may provide that all or part of the exemption does
 1-57 not apply to a district or political subdivision that imposes ad
 1-58 valorem taxes for public education purposes but is not the
 1-59 principal school district providing general elementary and
 1-60 secondary public education throughout its territory. In addition

2-1 to this exemption, the legislature by general law may exempt an
2-2 amount not to exceed \$30,000 [~~\$10,000~~] of the market value of the
2-3 residence homestead of a person who is disabled as defined in
2-4 Subsection (b) of this section and of a person 65 years of age or
2-5 older from ad valorem taxation for general elementary and secondary
2-6 public school purposes. The legislature by general law may base the
2-7 amount of and condition eligibility for the additional exemption
2-8 authorized by this subsection for disabled persons and for persons
2-9 65 years of age or older on economic need. An eligible disabled
2-10 person who is 65 years of age or older may not receive both
2-11 exemptions from a school district but may choose either. An
2-12 eligible person is entitled to receive both the exemption required
2-13 by this subsection for all residence homesteads and any exemption
2-14 adopted pursuant to Subsection (b) of this section, but the
2-15 legislature shall provide by general law whether an eligible
2-16 disabled or elderly person may receive both the additional
2-17 exemption for the elderly and disabled authorized by this
2-18 subsection and any exemption for the elderly or disabled adopted
2-19 pursuant to Subsection (b) of this section. Where ad valorem tax
2-20 has previously been pledged for the payment of debt, the taxing
2-21 officers of a school district may continue to levy and collect the
2-22 tax against the value of homesteads exempted under this subsection
2-23 until the debt is discharged if the cessation of the levy would
2-24 impair the obligation of the contract by which the debt was created.
2-25 The legislature shall provide for formulas to protect school
2-26 districts against all or part of the revenue loss incurred by the
2-27 implementation of this subsection, Subsection (d) of this section,
2-28 and Section 1-d-1 of this article. The legislature by general law
2-29 may define residence homestead for purposes of this section.

2-30 (d) Except as otherwise provided by this subsection, if a
2-31 person receives a residence homestead exemption prescribed by
2-32 Subsection (c) of this section for homesteads of persons who are 65
2-33 years of age or older or who are disabled, the total amount of ad
2-34 valorem taxes imposed on that homestead for general elementary and
2-35 secondary public school purposes may not be increased while it
2-36 remains the residence homestead of that person or that person's
2-37 spouse who receives the exemption. If a person who is 65 years of
2-38 age or older or who is disabled dies in a year in which the person
2-39 received the exemption, the total amount of ad valorem taxes
2-40 imposed on the homestead for general elementary and secondary
2-41 public school purposes may not be increased while it remains the
2-42 residence homestead of that person's surviving spouse if the spouse
2-43 is 55 years of age or older at the time of the person's death,
2-44 subject to any exceptions provided by general law. The
2-45 legislature, by general law, may provide for the transfer of all or
2-46 a proportionate amount of a limitation provided by this subsection
2-47 for a person who qualifies for the limitation and establishes a
2-48 different residence homestead. However, taxes otherwise limited
2-49 by this subsection may be increased to the extent the value of the
2-50 homestead is increased by improvements other than repairs or
2-51 improvements made to comply with governmental requirements and
2-52 except as may be consistent with the transfer of a limitation under
2-53 this subsection. For a residence homestead subject to the
2-54 limitation provided by this subsection in the 1996 tax year or an
2-55 earlier tax year, the legislature shall provide for a reduction in
2-56 the amount of the limitation for the 1997 tax year and subsequent
2-57 tax years in an amount equal to \$10,000 multiplied by the 1997 tax
2-58 rate for general elementary and secondary public school purposes
2-59 applicable to the residence homestead. For a residence homestead
2-60 subject to the limitation provided by this subsection in the 2014
2-61 tax year or an earlier tax year, the legislature shall provide for a
2-62 reduction in the amount of the limitation for the 2015 tax year and
2-63 subsequent tax years in an amount equal to \$10,000 multiplied by the
2-64 2015 tax rate for general elementary and secondary public school
2-65 purposes applicable to the residence homestead. For a residence
2-66 homestead subject to the limitation provided by this subsection in
2-67 the 2021 tax year or an earlier tax year, the legislature shall
2-68 provide for a reduction in the amount of the limitation for the 2023
2-69 tax year and subsequent tax years in an amount equal to \$15,000

3-1 multiplied by the 2022 tax rate for general elementary and
 3-2 secondary public school purposes applicable to the residence
 3-3 homestead. Beginning with the 2023 tax year, for any tax year in
 3-4 which the amount of the exemption provided by Subsection (c) of this
 3-5 section applicable to the residence homestead of a married or
 3-6 unmarried adult, including one living alone, or the amount of the
 3-7 exemption provided by Subsection (c) of this section applicable to
 3-8 the residence homestead of a person who is disabled as defined by
 3-9 Subsection (b) of this section and of a person 65 years of age or
 3-10 older is increased, the legislature shall provide for a reduction
 3-11 for that tax year and subsequent tax years in the amount of the
 3-12 limitation provided by this subsection applicable to a residence
 3-13 homestead that was subject to the limitation in the tax year
 3-14 preceding the tax year in which the amount of the exemption is
 3-15 increased in an amount equal to the amount by which the amount of
 3-16 the exemption is increased multiplied by the tax rate for general
 3-17 elementary and secondary public school purposes applicable to the
 3-18 residence homestead for the tax year in which the amount of the
 3-19 exemption is increased.

3-20 SECTION 3. Section 22, Article VIII, Texas Constitution, is
 3-21 amended by adding Subsection (a-1) to read as follows:

3-22 (a-1) Appropriations from state tax revenues not dedicated
 3-23 by this constitution that are made for the purpose of paying for
 3-24 school district ad valorem tax relief as identified by the
 3-25 legislature by general law are not included as appropriations for
 3-26 purposes of determining whether the rate of growth of
 3-27 appropriations exceeds the limitation prescribed by Subsection (a)
 3-28 of this section.

3-29 SECTION 4. The following temporary provision is added to
 3-30 the Texas Constitution:

3-31 TEMPORARY PROVISION. (a) This temporary provision applies
 3-32 to the constitutional amendment proposed by the 88th Legislature,
 3-33 Regular Session, 2023, to authorize the legislature to exempt from
 3-34 ad valorem taxation a portion of the market value of tangible
 3-35 personal property that is held or used for the production of income,
 3-36 to increase the amount of certain exemptions from ad valorem
 3-37 taxation by a school district applicable to residence homesteads,
 3-38 to adjust the amount of the limitation on school district ad valorem
 3-39 taxes imposed on the residence homesteads of the elderly or
 3-40 disabled to reflect increases in the exemption amounts, and to
 3-41 except certain appropriations to pay for school district ad valorem
 3-42 tax relief from the constitutional limitation on the rate of growth
 3-43 of appropriations.

3-44 (b) The amendment to Section 1(g), Article VIII, of this
 3-45 constitution takes effect for the tax year beginning January 1,
 3-46 2024.

3-47 (c) The amendments to Sections 1-b(c) and (d), Article VIII,
 3-48 of this constitution take effect for the tax year beginning January
 3-49 1, 2023.

3-50 (d) The amendment to Section 22, Article VIII, of this
 3-51 constitution applies to appropriations made for the state fiscal
 3-52 biennium beginning September 1, 2023, and subsequent state fiscal
 3-53 bienniums.

3-54 (e) This temporary provision expires January 1, 2025.

3-55 SECTION 5. This proposed constitutional amendment shall be
 3-56 submitted to the voters at an election to be held November 7, 2023.
 3-57 The ballot shall be printed to permit voting for or against the
 3-58 proposition: "The constitutional amendment to increase the amount
 3-59 of the residence homestead exemption from ad valorem taxation for
 3-60 public school purposes from \$40,000 to \$70,000 and increase the
 3-61 amount of the exemption applicable to the residence homestead of a
 3-62 person who is disabled or is 65 years of age or older from ad valorem
 3-63 taxation for public school purposes from \$10,000 to \$30,000; to
 3-64 adjust the amount of the limitation on ad valorem taxes for public
 3-65 school purposes imposed on the residence homestead of a person who
 3-66 is disabled or is 65 years of age or older to reflect increases in
 3-67 the exemption amounts; to authorize the legislature to exempt from
 3-68 ad valorem taxation \$25,000 of the market value of tangible
 3-69 personal property that is held or used for the production of income;

4-1 and to except certain appropriations to pay for school district ad
4-2 valorem tax relief from the constitutional limitation on the rate
4-3 of growth of appropriations."

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