

By: Van Arsdale

H.J.R. No. 16

A JOINT RESOLUTION

1 proposing a constitutional amendment providing for funding public  
2 education, providing for school district property tax rate  
3 limitation and reduction, authorizing a school district ad valorem  
4 tax for educational program enrichment, creating the Texas  
5 education fund, dedicating certain sales and use tax revenue to  
6 funding public education, increasing the amount of the residence  
7 homestead exemption from school taxation, and authorizing the  
8 legislature to establish a five percent limit on annual increases  
9 in the appraised value for ad valorem tax purposes of residence  
10 homesteads and other owner-occupied residential real property.

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

12 SECTION 1. Article VII, Texas Constitution, is amended by  
13 adding Section 3A to read as follows:

14 Sec. 3A. (a) In this section:

15 (1) "Available state revenue" means state revenue from  
16 any source other than federal funds. The term does not include  
17 revenue that, under another provision of this constitution, may be  
18 used only for a particular purpose.

19 (2) "Increase in available state revenue" means the  
20 amount by which the estimate made by the comptroller of public  
21 accounts under Section 49a(a), Article III, of this constitution of  
22 available state revenue for the succeeding fiscal biennium exceeds  
23 the estimate made by the comptroller under that section of  
24 available state revenue for the current fiscal biennium.

1       (b) In each fiscal biennium, an amount of general revenue  
2 equal to one-third of any increase in available state revenue for  
3 the biennium must be used to reduce, as provided by general law, the  
4 rate of the school district maintenance tax authorized by Section  
5 3(e) of this article.

6       SECTION 2. Section 3, Article VII, Texas Constitution, is  
7 amended by amending Subsections (d) and (e) and adding Subsections  
8 (f)-(k) to read as follows:

9       (d) The Legislature may provide for the formation of school  
10 districts by general laws, and all such school districts may  
11 embrace parts of two or more counties.

12       ~~[(e)]~~ The Legislature by general law may provide ~~[shall be~~  
13 ~~authorized to pass laws for the assessment and collection of taxes~~  
14 ~~in all school districts and]~~ for the management and control of the  
15 public ~~[school or]~~ schools of such districts.

16       (e) A school district may impose an ad valorem tax on  
17 taxable property in the district for the maintenance of public free  
18 schools. The rate of the maintenance tax may not exceed \$1.05 for  
19 each \$100 of taxable value.

20       (f) The Legislature may provide for school districts to  
21 impose an additional ad valorem tax on all taxable property in the  
22 district for the purpose of providing an enriched educational  
23 program. The rate of the enrichment tax may not exceed \$0.10 for  
24 each \$100 of taxable value.

25       (g) The Legislature may provide for school districts to  
26 impose an additional ad valorem tax on all taxable property in the  
27 district~~[, whether such districts are composed of territory wholly~~

1 ~~within a county or in parts of two or more counties, and the~~  
2 ~~Legislature may authorize an additional ad valorem tax to be levied~~  
3 ~~and collected within all school districts for the further~~  
4 ~~maintenance of public free schools, and]~~ for the erection and  
5 equipment of school buildings.

6 (h) A school district may not impose a tax under Subsection  
7 (e), (f), or (g) of this section unless the tax is approved by  
8 ~~[therein; provided that]~~ a majority of the qualified voters of the  
9 district voting at an election to be held for that purpose~~[, shall~~  
10 ~~approve the tax]~~. A tax imposed under Subsection (e) or (f) of this  
11 section is not a state ad valorem tax for purposes of Section 1-e,  
12 Article VIII, of this constitution.

13 (i) To the extent that there are increases in ad valorem  
14 taxes collected by the school districts of this State from one year  
15 to the next, and to the extent that distribution formulas for State  
16 aid to the school districts would automatically reduce the amount  
17 of that aid by all or part of the amount of those increases, the  
18 Legislature shall provide that, at a minimum, the total amount of  
19 those increases be added to the distribution formulas without  
20 offsetting reductions in other aid to the districts.

21 (j) The Legislature may pass laws for the creation of junior  
22 college districts, the management and control of those districts,  
23 and the imposition of ad valorem taxes in those districts. A junior  
24 college district may not impose a tax under this subsection unless  
25 the tax is approved by a majority of the qualified voters of the  
26 district voting at an election held for that purpose. A junior  
27 college district is not a school district for purposes of this

1 section.

2 (k) An ad valorem tax approved by the voters of a junior  
3 college district under this section on or before November 2, 2004,  
4 is not affected by the amendment of this section approved by the  
5 voters at an election held on November 2, 2004, and the junior  
6 college district is not required to hold a new election to authorize  
7 the existing tax. This subsection expires January 1, 2005.

8 SECTION 3. Section 3-b, Article VII, Texas Constitution, is  
9 amended to read as follows:

10 Sec. 3-b. (a) A [No] tax for the maintenance of public free  
11 schools voted in any independent school district or a [and no] tax  
12 for the maintenance of a junior college voted by a junior college  
13 district, and [nor] any bonds voted in any such district, but  
14 unissued, are not [shall be] abrogated, cancelled, or invalidated  
15 by change of any kind in the boundaries of the district [thereof].

16 (b) After any change in boundaries, the governing body of  
17 any such district may, without the necessity of an additional  
18 election, [shall have the power to] assess, levy, and collect ad  
19 valorem taxes on all taxable property within the boundaries of the  
20 district as changed, for the purposes of the maintenance of public  
21 free schools or the maintenance of a junior college, as the case may  
22 be, and for the payment of principal of and interest on all bonded  
23 indebtedness outstanding against, or attributable, adjusted, or  
24 allocated to, such district or any territory in the district  
25 [therein], in the amount, at the rate, or not to exceed the rate,  
26 and in the manner authorized in the district before [prior to] the  
27 change in its boundaries[7] and [further] in accordance with the

1 laws under which all such bonds, respectively, were voted. The~~[+]~~  
 2 ~~and such]~~ governing body of the district may ~~[also shall have the~~  
 3 ~~power]~~, without the necessity of an additional election, ~~[to]~~ sell  
 4 and deliver any unissued bonds voted in the district before ~~[prior~~  
 5 ~~to]~~ any such change in boundaries, and may ~~[to]~~ assess, levy, and  
 6 collect ad valorem taxes on all taxable property in the district as  
 7 changed, for the payment of principal of and interest on such bonds  
 8 in the manner permitted by the laws under which such bonds were  
 9 voted.

10 (c) If ~~[In those instances where]~~ the boundaries of any such  
 11 independent school district are changed by the annexation of, or  
 12 consolidation with, one or more whole school districts, the taxes  
 13 to be levied for the purposes ~~[hereinabove]~~ authorized by this  
 14 article may be in the amount or at not to exceed the rate previously  
 15 ~~[therebefore]~~ voted in the district having at the time of such  
 16 change the greatest scholastic population according to the latest  
 17 scholastic census, and only the unissued bonds of such district  
 18 voted before ~~[prior to]~~ such change~~[r]~~ may be subsequently sold and  
 19 delivered. Unissued ~~[and any voted, but unissued,]~~ bonds of the  
 20 other school districts involved in such annexation or consolidation  
 21 may ~~[shall]~~ not ~~[thereafter]~~ be issued after the annexation or  
 22 consolidation.

23 SECTION 4. Article VII, Texas Constitution, is amended by  
 24 adding Section 5A to read as follows:

25 Sec. 5A. (a) The Texas education fund consists of:

26 (1) certain proceeds of the sales and use tax imposed  
 27 by a political subdivision of this state as provided by Section 25,

1 Article VIII, of this constitution; and

2 (2) other funds transferred or dedicated to the fund  
3 by general law.

4 (b) The fund may be used only for public education.

5 SECTION 5. Section 1(i), Article VIII, Texas Constitution,  
6 is amended to read as follows:

7 (i) Notwithstanding Subsections (a) and (b) of this  
8 section, the Legislature by general law may limit the maximum  
9 average annual percentage increase in the appraised value [~~of~~  
10 ~~residence homesteads~~] for ad valorem tax purposes of residence  
11 homesteads and of other real property that is designed or adapted  
12 for residential purposes and used primarily for residential  
13 purposes by the owner of the property to five [10] percent, or a  
14 greater percentage, for each year since the most recent tax  
15 appraisal. A limitation on appraisal increases for property  
16 authorized by this subsection:

17 (1) takes effect in the tax year following the first  
18 tax year in which the owner owns the property on January 1 and in  
19 which the owner qualifies the property as a residence homestead or  
20 uses the property primarily for the owner's residential purposes,  
21 or, if the property qualifies for an exemption as the [to a]  
22 residence homestead of the owner under Section 1-b of this article  
23 in the tax year in which the owner acquires the property, in [on the  
24 ~~later of the effective date of the law imposing the limitation or~~  
25 ~~January 1 of]~~ the tax year following the [~~first~~] tax year in which  
26 the owner acquires [~~qualifies~~] the property [~~for an exemption under~~  
27 ~~Section 1-b of this article~~]; and

1           (2) expires on January 1 of the [~~first~~] tax year  
2 following the tax year in which [~~that neither~~] the owner of the  
3 property when the limitation took effect ceases to own the property  
4 or ceases to qualify the property as a residence homestead or to use  
5 the property primarily for the owner's residential purposes, except  
6 that the Legislature by general law may provide for the limitation  
7 to continue during ownership of the property by [~~nor~~] the owner's  
8 spouse or surviving spouse who qualifies the property for an  
9 exemption under Section 1-b of this article.

10           SECTION 6. Section 1-b(c), Article VIII, Texas  
11 Constitution, is amended to read as follows:

12           (c) Forty-five Thousand Dollars (\$45,000) [~~Fifteen Thousand~~  
13 ~~Dollars (\$15,000)~~] of the market value of the residence homestead  
14 of a married or unmarried adult, including one living alone, is  
15 exempt from ad valorem taxation for general elementary and  
16 secondary public school purposes. The legislature by general law  
17 may provide that all or part of the exemption does not apply to a  
18 district or political subdivision that imposes ad valorem taxes for  
19 public education purposes but is not the principal school district  
20 providing general elementary and secondary public education  
21 throughout its territory. In addition to this exemption, the  
22 legislature by general law may exempt an amount not to exceed Ten  
23 Thousand Dollars (\$10,000) of the market value of the residence  
24 homestead of a person who is disabled as defined in Subsection (b)  
25 of this section and of a person sixty-five (65) years of age or  
26 older from ad valorem taxation for general elementary and secondary  
27 public school purposes. The legislature by general law may base the

1 amount of and condition eligibility for the additional exemption  
2 authorized by this subsection for disabled persons and for persons  
3 sixty-five (65) years of age or older on economic need. An eligible  
4 disabled person who is sixty-five (65) years of age or older may not  
5 receive both exemptions from a school district but may choose  
6 either. An eligible person is entitled to receive both the  
7 exemption required by this subsection for all residence homesteads  
8 and any exemption adopted pursuant to Subsection (b) of this  
9 section, but the legislature shall provide by general law whether  
10 an eligible disabled or elderly person may receive both the  
11 additional exemption for the elderly and disabled authorized by  
12 this subsection and any exemption for the elderly or disabled  
13 adopted pursuant to Subsection (b) of this section. Where ad  
14 valorem tax has previously been pledged for the payment of debt, the  
15 taxing officers of a school district may continue to levy and  
16 collect the tax against the value of homesteads exempted under this  
17 subsection until the debt is discharged if the cessation of the levy  
18 would impair the obligation of the contract by which the debt was  
19 created. The legislature shall provide for formulas to protect  
20 school districts against all or part of the revenue loss incurred by  
21 the implementation of Article VIII, Sections 1-b(c), 1-b(d), and  
22 1-d-1, of this constitution. The legislature by general law may  
23 define residence homestead for purposes of this section.

24 SECTION 7. The following temporary provision is added to  
25 the Texas Constitution:

26 TEMPORARY PROVISION. (a) This temporary provision applies  
27 to the constitutional amendment proposed by the 78th Legislature,



1 4th Called Session, 2004, to increase the amount of the residence  
2 homestead exemption from school taxation and to authorize the  
3 legislature to limit the maximum average annual increase in the  
4 appraised value for ad valorem tax purposes of residence homesteads  
5 and other owner-occupied residential real property and expires  
6 January 1, 2006.

7 (b) The amendments to Sections 1(i) and 1-b(c), Article  
8 VIII, of this constitution take effect January 1, 2005, and apply  
9 only to a tax year that begins on or after that date.

10 SECTION 8. Article VIII, Texas Constitution, is amended by  
11 adding Section 25 to read as follows:

12 Sec. 25. The net revenue derived from the imposition of a  
13 sales and use tax by a political subdivision of this state on the  
14 sale or use of an item, including a service, that was not a taxable  
15 item on December 31, 2004, and that becomes subject to the sales and  
16 use tax after that date, shall be deposited to the credit of the  
17 Texas education fund created by Section 5A, Article VII, of this  
18 constitution.

19 SECTION 9. The following temporary provision is added to  
20 the Texas Constitution:

21 TEMPORARY PROVISION. (a) If H.B. No. 1 is enacted by the  
22 78th Legislature, 4th Called Session, 2004, and includes a  
23 provision that imposes the state sales and use tax authorized by  
24 Chapter 151, Tax Code, or its successor in function, at a rate that  
25 exceeds 6.25 percent, the provision of H.B. No. 1 that imposes the  
26 tax at the higher rate expires January 2, 2005.

27 (b) This temporary provision expires December 31, 2005.

1           SECTION 10. This proposed constitutional amendment shall be  
2 submitted to the voters at an election to be held November 2, 2004.  
3 The ballot shall be printed to permit voting for or against the  
4 proposition: "The constitutional amendment providing financial  
5 support for public education, limiting and reducing school property  
6 tax rates, authorizing a school district property tax for  
7 educational program enrichment, increasing the amount of the  
8 residence homestead exemption from school taxation, and  
9 authorizing a five percent limitation on annual increases in the  
10 appraised value for ad valorem tax purposes of residence homesteads  
11 and other owner-occupied residential real property."