

BILL ANALYSIS

H.J.R. 16

By: Brown, Fred

Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1978, Texas citizens voted to freeze the amount of ad valorem taxes on homesteads of the elderly. Ten years later, in 1988, Texas citizens voted to extend the ad valorem tax freeze to surviving spouses of the elderly and to allow the elderly and their surviving spouses to port their tax freeze of ad valorem taxation from one taxing jurisdiction to another. The freeze on such taxes only applies to taxes imposed by school districts. As proposed, House Joint Resolution 16 provides a local option for a county or municipality to adopt an ad valorem tax limitation on homesteads of the elderly and their surviving spouses.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Joint Resolution 16 would amend Section 1-b, Article VIII of the Texas Constitution to authorize the governing body of a county or a city or town, by official action, to provide a residence homestead exemption to persons 65 years of age or older. The total amount of ad valorem taxes imposed on that homestead by the county or the city or town is prohibited from being increased while it remains the residence homestead of that person or that person's spouse who is 65 years of age or older and receives a residence homestead exemption.

Alternatively, the resolution requires a governing body, on receipt of a petition signed by five percent of the registered voters of the county or of the city or town, to call an election to determine by majority vote whether to establish a tax limitation.

If a limitation is established and if a person 65 years of age or older dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead is prohibited from being 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.

The resolution authorizes the legislature, by general law, to provide for the transfer of all or a proportionate amount of a tax limitation for a person who qualifies for the limitation and establishes a different residence homestead within the same county, city or town. A county, city, or town that establishes a tax limitation must comply with a law providing for the transfer of the limitation, even if the Legislature enacts the law subsequent to the county's, city's, or town's establishment of the limitation. The resolution provides that taxes otherwise limited by a county, city, or town may be increased to the extent the value of the homestead is increased by improvements, other than repairs or improvements made to comply with governmental requirements, and except as may be consistent with the transfer of a tax limitation. The resolution prohibits a governing body from repealing or rescinding a tax limitation.

FOR ELECTION

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 4, 2003.