

By: Shapiro, et al.

S.J.R. No. 1

SENATE JOINT RESOLUTION

proposing a constitutional amendment to provide financial support for public education by creating the Texas education fund, imposing a state property tax, increasing the state general sales and use tax rate, expanding the general sales and use tax base to include certain services, increasing the state motor vehicle sales and use tax rate, abolishing the school district property tax for maintenance and operations purposes, dedicating the proceeds of any state lottery to public education, authorizing a school district property tax for the purpose of educational enrichment, and repealing the restriction on the legislature's authority to limit annual increases in the appraised value of residence homesteads for ad valorem tax purposes.

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

SECTION 1. Section 3, Article VII, Texas Constitution, is amended by amending Subsection (e) and adding Subsections (f) and (g) to read as follows:

(e) The Legislature may ~~[shall be authorized to]~~ pass laws for ~~[the assessment and collection of taxes in all school districts and for]~~ the management and control of the public school or schools of school ~~[such]~~ districts. A school district may levy and collect an ad valorem tax at a rate not to exceed \$0.10 for each \$100 of taxable value of the property for the purpose of providing an enriched educational program. The ~~[, whether such districts are~~

~~composed of territory wholly within a county or in parts of two or more counties, and the~~ Legislature may authorize an additional ad valorem tax to be levied and collected within all school districts ~~[for the further maintenance of public free schools, and]~~ for the erection and equipment of school buildings therein. A school district may not levy a tax under this subsection unless the tax is approved by~~[, provided that]~~ a majority of the qualified voters of the district voting at an election ~~[to be]~~ held for that purpose~~[, shall approve the tax]~~.

(f) The Legislature may pass laws for the creation of junior college districts, the management and control of those districts, and the assessment and collection of ad valorem taxes in those districts. A junior college district may not levy a tax under this subsection unless the tax is approved by a majority of the qualified voters of the district voting at an election held for that purpose. A junior college district is not a school district for purposes of this section.

(g) An ad valorem tax approved by the voters of a junior college district under this section before November 4, 2003, is not affected by the amendment of this section adopted November 4, 2003, and the junior college district is not required to hold a new election to authorize the existing tax. This subsection expires January 1, 2004.

SECTION 2. Section 3-b, Article VII, Texas Constitution, is amended to read as follows:

Sec. 3-b. (a) A ~~[No]~~ tax for the enrichment ~~[maintenance]~~ of public free schools voted in any independent school district or a

1 ~~[and no]~~ tax for the maintenance of a junior college voted by a
2 junior college district, and ~~[nor]~~ any bonds voted in any such
3 district, but unissued, are not ~~[shall be]~~ abrogated, cancelled, or
4 invalidated by change of any kind in the boundaries of the district
5 ~~[thereof]~~.

6 (b) After any change in boundaries, the governing body of
7 any such district may, without the necessity of an additional
8 election, ~~[shall have the power to]~~ assess, levy, and collect ad
9 valorem taxes on all taxable property within the boundaries of the
10 district as changed, for the purposes of the enrichment
11 ~~[maintenance]~~ of public free schools or the maintenance of a junior
12 college, as the case may be, and for the payment of principal of and
13 interest on all bonded indebtedness outstanding against, or
14 attributable, adjusted, or allocated to, such district or any
15 territory in the district ~~[therein]~~, in the amount, at the rate, or
16 not to exceed the rate, and in the manner authorized in the district
17 before ~~[prior to]~~ the change in its boundaries~~[,]~~ and ~~[further]~~ in
18 accordance with the laws under which all such bonds, respectively,
19 were voted. The ~~[, and such]~~ governing body of the district may
20 ~~[also shall have the power]~~, without the necessity of an additional
21 election, ~~[to]~~ sell and deliver any unissued bonds voted in the
22 district before ~~[prior to]~~ any such change in boundaries, and may
23 ~~[to]~~ assess, levy, and collect ad valorem taxes on all taxable
24 property in the district as changed, for the payment of principal of
25 and interest on such bonds in the manner permitted by the laws under
26 which such bonds were voted.

27 (c) If ~~[In those instances where]~~ the boundaries of any such

1 independent school district are changed by the annexation of, or
 2 consolidation with, one or more whole school districts, the taxes
 3 to be levied for the purposes [~~hereinabove~~] authorized by this
 4 article may be in the amount or at not to exceed the rate previously
 5 [~~theretofore~~] voted in the district having at the time of such
 6 change the greatest scholastic population according to the latest
 7 scholastic census, and only the unissued bonds of such district
 8 voted before [~~prior to~~] such change[~~7~~] may be subsequently sold and
 9 delivered. Unissued [~~and any voted, but unissued,~~] bonds of the
 10 other school districts involved in such annexation or consolidation
 11 may [~~shall~~] not [~~thereafter~~] be issued after the annexation or
 12 consolidation.

13 SECTION 3. Subsection (a), Section 5, Article VII, Texas
 14 Constitution, is amended to read as follows:

15 (a) The permanent school fund consists of all land
 16 appropriated for public schools by this constitution or the other
 17 laws of this state and other properties belonging to the permanent
 18 school fund. The available school fund consists of [~~principal of~~
 19 ~~all bonds and other funds, and the principal arising from the sale~~
 20 ~~of the lands hereinbefore set apart to said school fund, shall be~~
 21 ~~the permanent school fund, and~~] all the interest derivable from the
 22 permanent school fund [~~therefrom~~] and the taxes [~~herein~~] authorized
 23 by this constitution or general law to be a part of [~~and levied~~
 24 ~~shall be~~] the available school fund. The available school fund
 25 shall be applied annually to the support of the public free schools.
 26 Except as provided by this section, the legislature may not enact a
 27 [~~no~~] law [~~shall ever be enacted~~] appropriating any part of the

1 permanent school fund or available school fund to any other
2 purpose. The permanent school fund and the available school fund
3 may not [~~whatever, nor shall the same, or any part thereof ever~~] be
4 appropriated to or used for the support of any sectarian school[~~+~~
5 ~~and the available school fund herein provided shall be distributed~~
6 ~~to the several counties according to their scholastic population~~
7 ~~and applied in such manner as may be provided by law~~].

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

10 Sec. 5A. The Texas education fund consists of:

11 (1) all proceeds of the state ad valorem tax imposed by
12 Section 1-e, Article VIII, of this constitution;

13 (2) certain proceeds of the state general sales and
14 use tax as provided by Section 25, Article VIII, of this
15 constitution;

16 (3) certain proceeds of the state motor vehicle sales
17 and use tax as provided by Section 26, Article VIII, of this
18 constitution;

19 (4) the net revenue, as determined by general law,
20 excluding any unclaimed lottery prizes, of any state lottery
21 operated under Section 47(e), Article III, of this constitution;

22 (5) funds transferred from the available school fund
23 as provided by general law; and

24 (6) other funds transferred or dedicated to the fund
25 by general law.

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

1 (i) Notwithstanding Subsections (a) and (b) of this
2 section, the Legislature by general law may limit the maximum
3 ~~[average]~~ annual percentage increase in the appraised value of
4 residence homesteads for ad valorem tax purposes ~~[to 10 percent, or~~
5 ~~a greater percentage, for each year since the most recent tax~~
6 ~~appraisal]~~. A limitation on appraisal increases authorized by this
7 subsection:

8 (1) takes effect as to a residence homestead on the
9 later of the effective date of the law imposing the limitation or
10 January 1 of the tax year following the first tax year the owner
11 qualifies the property for an exemption under Section 1-b of this
12 article; and

13 (2) expires on January 1 of the first tax year that
14 neither the owner of the property when the limitation took effect
15 nor the owner's spouse or surviving spouse qualifies for an
16 exemption under Section 1-b of this article.

17 SECTION 6. Subsection (e), Section 1-b, Article VIII, Texas
18 Constitution, is amended to read as follows:

19 (e) The governing body of a political subdivision~~[, other~~
20 ~~than a county education district,~~] may exempt from ad valorem
21 taxation a percentage of the market value of the residence
22 homestead of a married or unmarried adult, including one living
23 alone. ~~[In the manner provided by law, the voters of a county~~
24 ~~education district at an election held for that purpose may exempt~~
25 ~~from ad valorem taxation a percentage of the market value of the~~
26 ~~residence homestead of a married or unmarried adult, including one~~
27 ~~living alone.]~~ The percentage may not exceed twenty percent.

1 However, the amount of an exemption authorized pursuant to this
2 subsection may not be less than Five Thousand Dollars (\$5,000)
3 unless the legislature by general law prescribes other monetary
4 restrictions on the amount of the exemption. An exemption
5 authorized by this subsection does not apply to ad valorem taxes
6 levied on a residence homestead by a school district under Section
7 3(e), Article VII, of this constitution for the purpose of
8 providing an enriched education program. An eligible adult is
9 entitled to receive other applicable exemptions provided by law.
10 Where ad valorem tax has previously been pledged for the payment of
11 debt, the governing body of a political subdivision may continue to
12 levy and collect the tax against the value of the homesteads
13 exempted under this subsection until the debt is discharged if the
14 cessation of the levy would impair the obligation of the contract by
15 which the debt was created. The legislature by general law may
16 prescribe procedures for the administration of residence homestead
17 exemptions.

18 SECTION 7. Section 1-e, Article VIII, Texas Constitution,
19 is amended to read as follows:

20 Sec. 1-e. (a) Except as provided by Subsection (b) of this
21 section, no ~~[No]~~ State ad valorem taxes shall be levied upon any
22 property within this State.

23 (b) A State ad valorem tax for elementary and secondary
24 public free school purposes is imposed on real property and
25 tangible personal property not otherwise exempted by this
26 constitution or by the legislature under the authority of this
27 constitution. The tax is imposed at a rate of 75 cents for each \$100

1 of taxable value, unless the legislature by general law enacted
2 after January 1, 2004, provides for the tax to be imposed at a lower
3 rate.

4 (c) The legislature may provide for the appraisal of
5 property subject to state ad valorem taxes, for the equalization of
6 the taxable values of that property, and for the collection of the
7 state ad valorem taxes imposed on that property.

8 (d) Property described by Section 1-j of this article or by
9 Section 1-n of this article, as added by S.J.R. No. 6, 77th
10 Legislature, Regular Session, 2001, is not exempt from taxes
11 imposed under Subsection (b) of this section in a tax year if the
12 property is located in a school district that taxes the property for
13 that tax year.

14 (e) State ad valorem taxes shall be assessed on the
15 valuation of property subject to those taxes as determined by the
16 appraisal officials in the county in which the property is located.
17 If an appraisal official uses generally accepted appraisal
18 standards and practices to appraise property subject to the state
19 ad valorem tax and the valuation of the property subject to that tax
20 conforms to or is equalized by the local appraisal review process to
21 conform to the accepted standards and practices, the assessment of
22 a state ad valorem tax on that valuation is not invalid. This
23 subsection expires at the end of the 2004 ad valorem tax year.

24 SECTION 8. Article VIII, Texas Constitution, is amended by
25 adding Sections 25 and 26 to read as follows:

26 Sec. 25. (a) The state shall impose the sales and use tax
27 authorized by Chapter 151, Tax Code, or its successor, at the rate

1 of 7.25 percent.

2 (b) Notwithstanding Subsection (a) of this section, the
3 legislature by general law may raise or lower the rate of the tax or
4 modify or repeal the tax.

5 (c) The state shall impose the tax described by Subsection
6 (a) of this section on the sale or use of all services unless the
7 legislature by general law provides exemptions from the application
8 of the tax. This subsection does not apply to a service that is
9 specifically and not generally exempt, either wholly or partly,
10 from taxation under Chapter 151, Tax Code, regardless of whether
11 that exemption was enacted before the date this section takes
12 effect.

13 (d) Notwithstanding any other provision of this
14 constitution, the following shall be deposited to the credit of the
15 Texas education fund created under Section 5A, Article VII, of this
16 constitution:

17 (1) the net revenue derived from an increase in the
18 rate of the tax described by Subsection (a) of this section over the
19 rate of the tax on June 30, 2004;

20 (2) the net revenue derived from the imposition of the
21 tax described by Subsection (a) of this section on the sale or use
22 of a service that was not a taxable service on June 30, 2004; and

23 (3) the net revenue derived from the imposition of a
24 sales and use tax by a political subdivision of this state on the
25 sale or use of a service that was not a taxable service on June 30,
26 2004, and that becomes subject to the tax because Subsection (c) of
27 this section requires that taxation.

1 (e) This section takes effect July 1, 2004, and applies to
2 taxes imposed on or after that date. Taxes imposed before that date
3 are governed by the law in effect on the date the taxes were
4 imposed, and that law is continued in effect for the purposes of the
5 liability for and collection of those taxes.

6 Sec. 26. (a) The state shall impose the tax on the sale or
7 use of a motor vehicle authorized by Chapter 152, Tax Code, or its
8 successor, at the rate of 8.75 percent.

9 (b) Notwithstanding Subsection (a) of this section, the
10 legislature by general law may raise or lower the rate of the tax or
11 modify or repeal the tax.

12 (c) The net revenue derived from an increase in the rate of
13 the tax described by Subsection (a) of this section over the rate of
14 the tax on June 30, 2004, shall be deposited to the credit of the
15 Texas education fund created under Section 5A, Article VII, of this
16 constitution.

17 (d) This section takes effect July 1, 2004, and applies to
18 taxes imposed on or after that date. Taxes imposed before that date
19 are governed by the law in effect on the date the taxes were
20 imposed, and that law is continued in effect for the purposes of the
21 liability for and collection of those taxes.

22 SECTION 9. This proposed constitutional amendment shall be
23 submitted to the voters at an election to be held November 4, 2003.
24 The ballot shall be printed to permit voting for or against the
25 proposition: "The constitutional amendment providing financial
26 support for public education, reducing school property tax rates,
27 expanding the general sales and use tax base to include certain

1 services and increasing the rate, increasing the state motor
2 vehicle sales and use tax rate, and repealing the 10 percent
3 restriction on the legislature's authority to limit annual
4 increases in the appraised value of residence homesteads for ad
5 valorem tax purposes."