

By: Shapiro

S.J.R. No. 1

A JOINT RESOLUTION

1 proposing a constitutional amendment to provide financial support
2 for public education by creating the Texas education fund,
3 authorizing a state property tax, increasing the state general
4 sales and use tax rate, expanding the general sales and use tax base
5 to include certain services, increasing the state motor vehicle
6 sales and use tax rate, abolishing the school district property tax
7 for maintenance and operations purposes, and authorizing a school
8 district property tax for the purpose of educational enrichment.

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

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

13 (e) The Legislature may ~~[shall be authorized to]~~ pass laws
14 for ~~[the assessment and collection of taxes in all school districts~~
15 ~~and for]~~ the management and control of the public school or schools
16 of school ~~[such]~~ districts. A school district may levy and collect
17 an ad valorem tax at a rate not to exceed \$0.10 for each \$100 of
18 taxable value of property for the purpose of providing an enriched
19 educational program. The ~~[, whether such districts are composed of~~
20 ~~territory wholly within a county or in parts of two or more~~
21 ~~counties, and the]~~ Legislature may authorize an additional ad
22 valorem tax to be levied and collected within all school districts
23 ~~[for the further maintenance of public free schools, and]~~ for the
24 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 ~~[and no]~~ tax for the maintenance of a junior college voted by a junior college district, and ~~[nor]~~ any bonds voted in any such district, but unissued, are not ~~[shall be]~~ abrogated, cancelled, or invalidated by change of any kind in the boundaries of the district ~~[thereof]~~.

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

22 **(c)** If ~~[In those instances where]~~ the boundaries of any such
 23 independent school district are changed by the annexation of, or
 24 consolidation with, one or more whole school districts, the taxes
 25 to be levied for the purposes ~~[hereinafter]~~ authorized by this
 26 article may be in the amount or at not to exceed the rate previously
 27 ~~[therefore]~~ voted in the district having at the time of such

change the greatest scholastic population according to the latest scholastic census, and only the unissued bonds of such district voted before ~~[prior to]~~ such change~~[,]~~ may be subsequently sold and delivered. Unissued ~~[and any voted, but unissued,]~~ bonds of the other school districts involved in such annexation or consolidation may ~~[shall]~~ not ~~[thereafter]~~ be issued after the annexation or consolidation.

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

(a) The permanent school fund consists of all land appropriated for public schools by this constitution or the other laws of this state and other properties belonging to the permanent school fund. The available school fund consists of ~~[principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund, and]~~ all the interest derivable from the permanent school fund ~~[therefrom]~~ and the taxes ~~[herein]~~ authorized by this constitution or general law to be a part of ~~[and levied shall be]~~ the available school fund. The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, the legislature may not enact a ~~[no]~~ law ~~[shall ever be enacted]~~ appropriating any part of the permanent school fund or available school fund to any other purpose. The permanent school fund and the available school fund may not ~~[whatever, nor shall the same, or any part thereof ever]~~ be appropriated to or used for the support of any sectarian school~~[,]~~ ~~and the available school fund herein provided shall be distributed~~

1 ~~to the several counties according to their scholastic population~~
2 ~~and applied in such manner as may be provided by law].~~

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

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

6 (1) all proceeds of the state ad valorem tax
7 authorized by Section 1-e, Article VIII, of this constitution;

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

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

14 (4) funds transferred from the available school fund
15 as provided by general law; and

16 (5) other funds transferred or dedicated to the fund
17 by general law.

18 SECTION 5. 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) Ad valorem taxes may be imposed by the legislature, at a
24 rate not to exceed \$0.75 for each \$100 of taxable value, for
25 elementary and secondary public free school purposes on real
26 property and tangible personal property not otherwise exempted by
27 this constitution or by the legislature under the authority of this

1 constitution.

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

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

12 (e) Section 33, Article III, of this constitution does not
13 apply to a bill to impose a state ad valorem tax authorized by this
14 section.

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

25 SECTION 6. Article VIII, Texas Constitution, is amended by
26 adding Sections 25 and 26 to read as follows:

27 Sec. 25. (a) The state shall impose the sales and use tax

1 authorized by Chapter 151, Tax Code, or its successor, at the rate
2 of 7.75 percent.

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

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

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

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

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

24 (e) This section takes effect July 1, 2004, and applies to
25 taxes imposed on or after that date. Taxes imposed before that date
26 are governed by the law in effect on the date the taxes were
27 imposed, and that law is continued in effect for the purposes of the

1 liability for and collection of those taxes.

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

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

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

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

18 SECTION 7. This proposed constitutional amendment shall be
19 submitted to the voters at an election to be held November 4, 2003.
20 The ballot shall be printed to permit voting for or against the
21 proposition: "The constitutional amendment providing financial
22 support for public education, reducing school property tax rates,
23 expanding the general sales and use tax base to include certain
24 services and increasing the rate, and increasing the state motor
25 vehicle sales and use tax rate."