

By: Shapiro, et al. S.J.R. No. 1
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COMMITTEE SUBSTITUTE FOR S.J.R. No. 1

By: Shapiro

SENATE JOINT RESOLUTION

proposing a constitutional amendment to provide financial support for public education by creating the Texas education fund, authorizing 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, and authorizing a school district property tax for the purpose of educational enrichment.

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 the rate provided by general law 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 ~~[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]~~.

(b) After any change in boundaries, the governing body of any such district may, without the necessity of an additional election, [shall have the power to] assess, levy, and collect ad valorem taxes on all taxable property within the boundaries of the

district as changed, for the purposes of the enrichment ~~[maintenance]~~ of public free schools or the maintenance of a junior college, as the case may be, and for the payment of principal of and interest on all bonded indebtedness outstanding against, or attributable, adjusted, or allocated to, such district or any territory in the district ~~[therein]~~, in the amount, at the rate, or not to exceed the rate, and in the manner authorized in the district before ~~[prior to]~~ the change in its boundaries~~[,]~~ and ~~[further]~~ in accordance with the laws under which all such bonds, respectively, were voted. The ~~[, and such]~~ governing body of the district may ~~[also shall have the power]~~, without the necessity of an additional election, ~~[to]~~ sell and deliver any unissued bonds voted in the district before ~~[prior to]~~ any such change in boundaries, and may ~~[to]~~ assess, levy, and collect ad valorem taxes on all taxable property in the district as changed, for the payment of principal of and interest on such bonds in the manner permitted by the laws under which such bonds were voted.

(c) If ~~[In those instances where]~~ the boundaries of any such independent school district are changed by the annexation of, or consolidation with, one or more whole school districts, the taxes to be levied for the purposes ~~[hereinafter]~~ authorized by this article may be in the amount or at not to exceed the rate previously ~~[theretofore]~~ 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. Subsection (a), Section 5, 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 to the several counties according to their scholastic population and applied in such manner as may be provided by law]~~.

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

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

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

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

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

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

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

(6) other funds transferred or dedicated to the fund

by general law.

SECTION 5. Subsection (e), Section 1-b, Article VIII, Texas Constitution, is amended to read as follows:

(e) The governing body of a political subdivision~~[, other than a county education district,]~~ may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone. ~~[In the manner provided by law, the voters of a county education district at an election held for that purpose may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone.]~~ The percentage may not exceed twenty percent. However, the amount of an exemption authorized pursuant to this subsection may not be less than Five Thousand Dollars (\$5,000) unless the legislature by general law prescribes other monetary restrictions on the amount of the exemption. An exemption authorized by this subsection does not apply to ad valorem taxes levied on a residence homestead by a school district under Section 3(e), Article VII, of this constitution for the purpose of providing an enriched education program. An eligible adult is entitled to receive other applicable exemptions provided by law. Where ad valorem tax has previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect the tax against the value of the homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The legislature by general law may prescribe procedures for the administration of residence homestead exemptions.

SECTION 6. Section 1-e, Article VIII, Texas Constitution, is amended to read as follows:

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

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

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

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

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

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

SECTION 7. Article VIII, Texas Constitution, is amended by adding Sections 25 and 26 to read as follows:

Sec. 25. (a) The state shall impose the sales and use tax authorized by Chapter 151, Tax Code, or its successor, at the rate of 7.25 percent.

(b) Notwithstanding Subsection (a) of this section, the

legislature by general law may raise or lower the rate of the tax or modify or repeal the tax.

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

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

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

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

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

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

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

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

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

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

SECTION 8. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 4, 2003. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing financial support for public education, reducing school property tax rates, expanding the general sales and use tax base to include certain services and increasing the rate, and increasing the state motor vehicle sales and use tax rate."

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