

BILL ANALYSIS

H.J.R. 12
By: Keffer, Jim
Property Tax Relief, Select
Committee Report (Unamended)

BACKGROUND AND PURPOSE

HJR 12 proposes a constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to \$22,500 and provides for an adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homestead of an elderly or disabled person to reflect the increased exemption amount, and increases or reduces, as applicable, the amount of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the residence homestead of an elderly or disabled person in proportion to any increase or reduction in the tax rate of the school district but not to exceed the amount of the limitation for the later of the 2005 tax year or the tax year in which the limitation took effect, subject to increases for improvements.

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

The resolution proposes a constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to \$22,500 and provides for an adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homestead of a disabled person, an elderly person, or an elderly person's surviving spouse to reflect the increased exemption amount.

If a person receives the limitation provided by Section 1-b(d), Article VIII, of the Texas Constitution for the person's residence homestead, and the person or the person's spouse received the limitation in the preceding tax year for that homestead, and the tax rate for general elementary and secondary public school purposes applicable to the homestead for the current tax year is higher or lower than the tax rate for those purposes applicable to that homestead for the preceding tax year, the limitation provided by that subsection on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead is increased or reduced, as applicable, in proportion to the increase or reduction in the tax rate, except that the total amount of ad valorem taxes that may be imposed for those purposes on the homestead may not exceed the amount of taxes imposed for those purposes for the later of the 2005 tax year or the tax year in which the limitation took effect, as that limitation may have been increased in subsequent tax years or may be increased for the current tax year because of improvements as authorized.

The resolution states that the amendment to Section 1-b(c) and (d), Article VIII, of the constitution takes effect January 1, 2006, and applies only to a tax year beginning on or after that date. The resolution contains a temporary provision that applies to the constitutional amendment proposed by the 79th Legislature, 2nd Called Session, 2005, increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes and provides for a corresponding adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homesteads of certain persons and expires January 1, 2007.

EFFECTIVE DATE

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2005, but only if House Bill No. 3, Acts of the 79th Legislature, 2nd Called Session, 2005, is enacted and becomes law. If House Bill No. 3, Acts of the 79th Legislature,

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2nd Called Session, 2005, does not become law, this proposed constitutional amendment shall not be submitted to the voters.