

By: Wentworth S.J.R. No. 7
(In the Senate - Filed July 25, 2005; July 25, 2005, read first time and referred to Committee on Finance; August 5, 2005, reported adversely, with favorable Committee Substitute by the following vote: Yeas 11, Nays 0; August 5, 2005, sent to printer.)

COMMITTEE SUBSTITUTE FOR S.J.R. No. 7 By: Williams

SENATE JOINT RESOLUTION

proposing a constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes to \$22,500 and providing for an adjustment of the limitation on the total amount of taxes that may be imposed for those purposes on the homesteads of the elderly or disabled to reflect the increased exemption amount and changes in school district ad valorem tax rates.

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

SECTION 1. Subsections (c) and (d), Section 1-b, Article VIII, Texas Constitution, are amended to read as follows:

(c) The amount of \$22,500 [~~Fifteen Thousand Dollars (\$15,000)~~] of the market value of the residence homestead of a married or unmarried adult, including one living alone, is exempt from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law may provide that all or part of the exemption does not apply to a district or political subdivision that imposes ad valorem taxes for public education purposes but is not the principal school district providing general elementary and secondary public education throughout its territory. In addition to this exemption, the legislature by general law may exempt an amount not to exceed [~~Ten Thousand Dollars (~~] \$10,000[~~)]~~ of the market value of the residence homestead of a person who is disabled as defined in Subsection (b) of this section and of a person sixty-five (65) years of age or older from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law may base the amount of and condition eligibility for the additional exemption authorized by this subsection for disabled persons and for persons sixty-five (65) years of age or older on economic need. An eligible disabled person who is sixty-five (65) years of age or older may not receive both exemptions from a school district but may choose either. An eligible person is entitled to receive both the exemption required by this subsection for all residence homesteads and any exemption adopted pursuant to Subsection (b) of this section, but the legislature shall provide by general law whether an eligible disabled or elderly person may receive both the additional exemption for the elderly and disabled authorized by this subsection and any exemption for the elderly or disabled adopted pursuant to Subsection (b) of this section. Where ad valorem tax has previously been pledged for the payment of debt, the taxing officers of a school district may continue to levy and collect the tax against the value of 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 shall provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of Article VIII, Sections 1-b(c), 1-b(d), and 1-d-1, of this constitution. The legislature by general law may define residence homestead for purposes of this section.

(d) Except as otherwise provided by this subsection, if a person receives a residence homestead exemption prescribed by Subsection (c) of this section for homesteads of persons who are sixty-five (65) years of age or older or who are disabled, the total amount of ad valorem taxes imposed on that homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person

or that person's spouse who receives the exemption. If a person sixty-five (65) years of age or older dies in a year in which the person received the exemption, the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is fifty-five (55) years of age or older at the time of the person's death, subject to any exceptions provided by general law. If a person receives the limitation provided by this subsection 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 lower than the tax rate for those purposes applicable to that homestead for the preceding tax year, the limitation provided by this subsection on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead is reduced in proportion to the reduction in the tax rate. The legislature, by general law, may provide for the transfer of all or a proportionate amount of a limitation provided by this subsection for a person who qualifies for the limitation and establishes a different residence homestead. However, taxes otherwise limited by this subsection 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 limitation under this subsection. For a residence homestead subject to the limitation provided by this subsection in the 2005 ~~[1996]~~ tax year or an earlier tax year, the legislature shall reduce ~~[provide for a reduction in]~~ the amount of the limitation for the 2006 ~~[1997]~~ tax year and subsequent tax years in an amount equal to \$7,500 ~~[\$10,000]~~ multiplied by the 2006 ~~[1997]~~ tax rate for general elementary and secondary public school purposes applicable to the residence homestead.

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision 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 providing for an adjustment of the limitation on the total amount of ad valorem taxes that may be imposed for those purposes on the homesteads of the elderly or disabled to reflect the increased exemption amount and reductions in school district ad valorem tax rates and expires January 1, 2007.

(b) The amendment to Sections 1-b(c) and (d), Article VIII, of this constitution takes effect January 1, 2006, and applies only to a tax year beginning on or after that date.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2005. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to \$22,500, providing for a reduction of the limitation on the total 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 reducing the amount of the limitation on the total amount of ad valorem taxes that may be imposed by a school district on the homestead of an elderly or disabled person in proportion to any reduction in the tax rate of the school district."

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