

BILL ANALYSIS

H.J.R. 35
By: Bohac
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1997, the voters of Texas approved an amendment to the Texas Constitution that set a 10 percent cap on the annual increases of the appraised value of residence homesteads. In tax year 2003, 3,702 local taxing units levied almost \$29 billion in property taxes, just under 6 percent more than in 2002, according to the Comptroller of Public Accounts. Texans pay more in property taxes than any other state or local tax. H.J.R. 35 would amend the Texas Constitution to lower the current appraisal cap to 5 percent and would extend the cap to all real property, including residential and nonresidential property.

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

H.J.R. 35 amends the Texas Constitution by lowering the annual residential homestead appraisal cap from 10 percent to 5 percent. The joint resolution also extends the type of property to which the cap applies from residential homesteads to all real property.

H.J.R. 35 provides that the cap takes effect in the tax year following the first tax year in which the owner owns the property on January 1st; or, in the tax year following the tax year in which the owner qualifies the property as a residence homestead under Section 1-b of Article VIII of the Texas Constitution. The resolution also provides that the cap expires on January 1st of the tax year following the tax year in which the owner sells or otherwise transfers ownership of the property, except that the Legislature may provide for the limitation applicable to a residence homestead to continue during ownership of the property by the owner's spouse or surviving spouse.

FOR ELECTION

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2005.