

By: Watson

S.B. No. 1288

A BILL TO BE ENTITLED

AN ACT

relating to a study regarding ad valorem tax relief through the use of a circuit breaker program.

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

SECTION 1. (a) In this section, "circuit breaker program" means a program that limits the amount of ad valorem taxes that may be imposed on a residence homestead based on the owner's annual income.

(b) The comptroller shall conduct a study to examine circuit breaker programs.

(c) Before collecting information for purposes of the study, the comptroller shall establish an advisory committee to assist the comptroller in conducting the study. The advisory committee must be composed of representatives of:

- (1) school districts and other taxing units;
- (2) home builders;
- (3) real estate agents;
- (4) mortgage lenders;
- (5) financial agencies involved in mortgage markets;
- (6) organizations interested in housing for low-income and moderate-income households;
- (7) organizations interested in the effect of ad valorem taxes on low-income and moderate-income households;
- (8) organizations interested in the effect of public

1 policy on low-income and moderate-income households; and

2 (9) other appropriate, interested organizations or  
3 members of the public, as determined by the comptroller.

4 (d) The comptroller, with the assistance of the advisory  
5 committee, shall study:

6 (1) methods to implement a circuit breaker program,  
7 including the use of rebates or tax credits;

8 (2) methods to create a simple, transparent process  
9 for the owner of a residence homestead to apply for and receive a  
10 limitation on the amount of ad valorem taxes that may be imposed on  
11 the homestead under a circuit breaker program;

12 (3) the effects of different designs of a circuit  
13 breaker program, including the effect of:

14 (A) limiting which taxing units are involved;

15 (B) basing eligibility on a maximum annual income  
16 level;

17 (C) limiting the dollar amount of the benefit  
18 that a property owner could receive in the program; and

19 (D) basing eligibility on a minimum ratio of  
20 residence homestead ad valorem taxes imposed to annual income,  
21 including a progressive scale of minimum ratios based on annual  
22 income; and

23 (4) methods to ensure the reliability of a property  
24 owner's statement of annual income.

25 (e) The comptroller and the advisory committee shall  
26 analyze the information studied and prepare a report that:

27 (1) describes the parameters, techniques, and legal

1 assumptions established under Subsection (d) of this section that  
2 were used in conducting the study;

3 (2) estimates the benefit of alternative designs of a  
4 circuit breaker program for property owners in various annual  
5 income brackets and with varying amounts of residence homestead ad  
6 valorem tax liability, including an estimate of the percentage of  
7 property owners in various annual income brackets that would  
8 benefit and the dollar amount of the benefit to those property  
9 owners;

10 (3) estimates the cost to the state and taxing units of  
11 implementing alternative designs of a circuit breaker program,  
12 including the percentage by which the amount of ad valorem taxes  
13 collected would be reduced;

14 (4) analyzes the effects on this state's economy of  
15 implementing a circuit breaker program, including the effect on  
16 home ownership rates, the residential housing market, and economic  
17 development; and

18 (5) specifies any necessary statutory changes the  
19 comptroller and the advisory committee determine are necessary to  
20 implement a circuit breaker program described by the study.

21 (f) In preparing the report required under Subsection (e) of  
22 this section, the comptroller may not consider or recommend a  
23 circuit breaker program that:

24 (1) proposes a state income tax to provide ad valorem  
25 tax relief;

26 (2) functions as a progressive income tax; or

27 (3) requires an election under Section 24(a), Article

1 VIII, Texas Constitution, to implement.

2 (g) The comptroller may contract with appraisal districts,  
3 taxing units, or other appropriate organizations for assistance and  
4 to obtain information necessary to conduct the study. A state  
5 agency, appraisal district, or taxing unit shall assist the  
6 comptroller if the comptroller requests information or assistance  
7 in conducting the study.

8 (h) Not later than December 1, 2012, the comptroller shall  
9 submit to the governor, lieutenant governor, and speaker of the  
10 house of representatives the report prepared under Subsection (e)  
11 of this section.

12 SECTION 2. This Act expires September 1, 2013.

13 SECTION 3. This Act takes effect immediately if it receives  
14 a vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2011.