

## **BILL ANALYSIS**

Senate Research Center  
84R1647 SMH-D

S.J.R. 21  
By: Watson  
Finance  
2/23/2015  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The mandatory \$15,000 homestead exemption that applies to school district property taxes has not been adjusted since it was enacted by voters in 1997. Since that time, the average value of a home in Texas has more than doubled but the homestead exemption, in inflation-adjusted dollars, has lost one-third of its value.

S.J.R. 21 increase the homestead exemption that applies to school district property taxes from \$15,000 to \$25,000 for tax year 2016. For each successive year, the Comptroller of Public Accounts of the State of Texas would calculate the level of inflation based upon the consumer price index and adjust the exemption by a corresponding amount. This will ensure that the homestead exemption keeps up with inflation. Homeowners who are disabled or 65 or older will receive an equivalent reduction based upon the additional exemption and the inflation adjustment. S.J.R. 21 accompanies S.B. 278.

S.J.R. 21 proposes a constitutional amendment to increase the amount of the residence homestead exemption from ad valorem taxation for public school purposes, providing for the increase of the exemption amount in subsequent years to reflect inflation, and 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 a disabled or elderly person to reflect the increased exemption amounts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 1-b(c) and (d), Article VIII, Texas Constitution, as follows:

(c) Provides that a portion, rather than 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. Provides that for the 2016 tax year, the amount of the exemption is \$25,000. Requires that the amount of the exemption be calculated by the Comptroller of Public Accounts of the State of Texas (comptroller) by multiplying the amount of the exemption under this subsection for the preceding tax year by the inflation rate, as defined by general law, and adding that amount to the amount of that exemption for the preceding tax year for each subsequent tax year. Requires each appraisal office to use the amount of the exemption as calculated by the comptroller to determine the assessed value of residence homesteads appraised by that appraisal office for ad valorem taxation for general elementary and secondary public school purposes. Makes a nonsubstantive change.

(d) Requires the legislature to provide for a reduction in the amount of the limitation for the 2016 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 2016 tax rate for general elementary and secondary public school purposes applicable to the residence homestead for a residence homestead subject to the limitation provided

by this subsection in the 2015 tax year or an earlier tax year. Requires the legislature to provide for a reduction in the amount of the limitation for the tax year in which the amount of the exemption is adjusted and subsequent tax years in an amount equal to the amount by which the amount of the exemption is increased multiplied by the tax rate for general elementary and secondary public school purposes applicable to the residence homestead for the tax year in which the amount of the exemption is increased for a residence homestead subject to the limitation provided by this subsection in the tax year preceding a tax year in which the amount of the exemption from ad valorem taxation for general elementary and secondary public school purposes of a portion of the market value of the residence homestead of a married or unmarried adult provided by Subsection (c) of this section is adjusted for inflation. Makes a nonsubstantive change.

SECTION 2. Provides that the following temporary provision be added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes, providing for the increase of the exemption amount in subsequent years to reflect inflation, and 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 a disabled or elderly person to reflect the increased exemption amounts.

(b) Provides that the amendment to Sections 1-b(c) and (d), Article VIII, of this constitution takes effect January 1, 2016, and applies only to a tax year beginning on or after that date.

(c) Provides that this temporary provision expires January 1, 2017.

SECTION 3. Requires that the constitutional amendment be submitted to the voters at an election to be held November 3, 2015. Sets forth the required language of the ballot.