



FLOOR AMENDMENT NO. _____ 17 AUG -3 AM 9:56

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HOUSE BILL NO. 1724

1 Amend H.B. No. 21 by adding the following appropriately
2 numbered SECTIONS to the bill and renumbering subsequent
3 SECTIONS of the bill accordingly:

4 SECTION _____. (a) The legislature finds that:

5 (1) the imposition of ad valorem taxes is an
6 inherently inequitable means to generate revenue necessary to
7 fund the provision of essential services to residents of this
8 state;

9 (2) ad valorem taxes may increase annually without
10 regard to the property owner's ability to pay;

11 (3) ad valorem taxes are perpetual and detrimental to
12 private property rights as secured by the Texas Constitution;

13 (4) the use of ad valorem taxes as a means to finance
14 the maintenance of public free schools has led directly to three
15 decades of school finance litigation in which the Texas Supreme
16 Court has referred to the system as "Byzantine" and has urged
17 the legislature to "choose a new path" of revenue for public
18 free schools;

19 (5) the use of ad valorem taxes by local governmental
20 entities as a means to generate revenue to fund the provision of
21 essential services places a disproportionate burden on those
22 residents that own property to pay for services that are enjoyed
23 by all residents; and

24 (6) the legislature has an obligation to ensure that
25 local governmental entities provide essential services in a
26 manner that is fair and fiscally responsible, and should
27 encourage the use of a more equitable source of revenue, such as
28 the sales tax, to fund the provision of those services.

29 (b) It is the intent of the legislature to abolish ad

1 valorem taxes and to create a more equitable means of funding
2 the provision of essential services to residents of this state
3 by local governmental entities and of meeting the state's
4 constitutional duty to make suitable provision for the support
5 and maintenance of an efficient system of public free schools.

6 SECTION _____. (a) The comptroller of public accounts
7 shall conduct a comprehensive study of alternative methods of
8 taxation to replace local tax revenue that will be lost when ad
9 valorem taxes are abolished.

10 (b) For each alternative method of taxation considered by
11 the comptroller, the comptroller shall:

12 (1) consider whether political subdivisions that
13 currently impose ad valorem taxes would have the authority to
14 impose the proposed alternative tax;

15 (2) determine the average tax rate for the proposed
16 alternative tax imposed by each type of political subdivision
17 that would be necessary to generate the same amount of tax
18 revenue as the amount of tax revenue lost as a result of the
19 abolition of ad valorem taxes;

20 (3) determine, if appropriate, the effect that
21 broadening the application of the proposed alternative tax at
22 the local level would have on the tax rates identified under
23 Subdivision (2) of this subsection;

24 (4) identify whether tax revenue generated by the
25 proposed alternative tax would require redistribution to offset
26 disparities in available local tax revenue as a result of the
27 abolition of ad valorem taxes and, if so, evaluate the different
28 mechanisms of redistribution available; and

29 (5) identify and examine any other issue that would
30 need to be addressed to implement the abolition of ad valorem
31 taxes.

1 (c) On request of the comptroller, a state agency or
2 political subdivision shall provide information for and
3 assistance in conducting the study under this section.

4 (d) Not later than December 1, 2018, the comptroller shall
5 prepare and submit to the governor, lieutenant governor, speaker
6 of the house of representatives, and members of the legislature
7 a written report containing the results of the study and any
8 recommendations for legislative or other action.

9 (e) This section expires September 1, 2019.