

By: Swanson

H.B. No. 1050

A BILL TO BE ENTITLED

AN ACT

relating to the abolition of ad valorem taxes.

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

SECTION 1. (a) The legislature finds that:

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

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

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

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

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

(6) the legislature has an obligation to ensure that local governmental entities provide essential services in a manner

1 that is fair and fiscally responsible, and should encourage the use
2 of a more equitable source of revenue, such as the sales tax, to
3 fund the provision of those services.

4 (b) It is the intent of the legislature to abolish ad
5 valorem taxes and to create a more equitable means of funding the
6 provision of essential services to residents of this state by local
7 governmental entities and of meeting the state's constitutional
8 duty to make suitable provision for the support and maintenance of
9 an efficient system of public free schools.

10 SECTION 2. (a) Title 1, Tax Code, is repealed.

11 (b) Notwithstanding any other law, this state or a political
12 subdivision of this state may not impose an ad valorem tax. To the
13 extent of a conflict, this section controls over a conflicting
14 provision in a general or special law.

15 (c) The change in law made by this section does not affect
16 tax liability accruing before the effective date of this section.
17 That liability continues in effect as if this section had not been
18 enacted, and the former law is continued in effect for the
19 collection of taxes due and for civil and criminal enforcement of
20 the liability for those taxes.

21 (d) This section takes effect January 1, 2022.

22 SECTION 3. Except as otherwise provided by this Act, this
23 Act takes effect September 1, 2017.