

BILL ANALYSIS

Senate Research Center
87S20104 SMH-D

S.J.R. 2
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Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 86th Legislature passed H.B. 3, the school finance reform bill. H.B. 3 provided school maintenance and operations (M&O) tax rate compression for property tax payers, where the state provides additional dollars to school districts in return for lower local school tax rates. One group of Texans did not receive this reduction, those with an Over 65/Disabled exemption.

A similar scenario happened in 2005, when school M&O tax rates were compressed by the state. After the bill passed it was discovered that those with an Over 65/Disabled exemption would not see any tax rate reduction. In 2007, the legislature approved a joint resolution to be voted on by the citizens that would permit compression to be applied to those with this type of exemption. The constitutional amendment passed overwhelmingly, 815,596 to 113,983.

S.J.R. 2 and S.B. 12 would put to the voters again the option to extend the tax rate compression from H.B. 3 to those that have an Over 65/Disabled exemption, so that they too would see their school M&O tax rate reduced. These two measures are based on the precedent from 2005 and 2007.

S.J.R. 2 and S.B. 12 seek to provide school M&O tax rate compression to individual homeowners who have an Over 65/Disabled exemption.

S.J.R. 2 proposes a constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead.

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 Section 1-b, Article VIII, Texas Constitution, by adding Subsection (d-2), as follows:

(d-2) Authorizes the Texas Legislature (legislature) by general law, notwithstanding Subsections (d) (relating to prohibiting an increase in ad valorem taxes imposed for general elementary and secondary public school purposes on a homestead while it remains the residence homestead of a person who is 65 years of age or older or who is disabled and who receives the residence homestead exemption or that person's spouse) and (d-1) (relating to authorizing the legislature to provide for the reduction of the amount of a limitation provided by Subsection (d) and applicable to a residence homestead for certain tax years to reflect any reduction from certain previous tax years in the tax rate for general elementary and secondary public school purposes applicable to the homestead) of Section 1-b (Residence Homestead Tax Exemptions and Limitation), to provide for the reduction of the amount of a limitation provided by Subsection (d) of

this section and applicable to a residence homestead for a tax year to reflect any statutory reduction from the preceding tax year in the maximum compressed rate, as defined by general law, or a successor rate of the maintenance and operations taxes imposed for general elementary and secondary public school purposes on the homestead. Authorizes a general law enacted under this subsection to take into account the difference between the tier one maintenance and operations rate for the 2018 tax year and the maximum compressed rate for the 2019 tax year applicable to a residence homestead and any reductions in subsequent tax years before the tax year in which the general law takes effect in the maximum compressed rate applicable to a residence homestead.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 8, 2022. Sets forth the required language of the ballot.