88S10075 CJC/TJB/KJE-D

By:  Bettencourt S.J.R. No. 1

A JOINT RESOLUTION

proposing a constitutional amendment to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads, to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts, and to except certain appropriations to pay for school district ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations.

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

SECTION 1.  Sections 1-b(c) and (d), Article VIII, Texas Constitution, are amended to read as follows:

(c)  The amount of $100,000 [~~$40,000~~] 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. The legislature by general law may provide that all or part of the exemption does not apply to a district or political subdivision that imposes ad valorem taxes for public education purposes but is not the principal school district providing general elementary and secondary public education throughout its territory. In addition to this exemption, the legislature by general law may exempt an amount not to exceed $10,000 of the market value of the residence homestead of a person who is disabled as defined in Subsection (b) of this section and of a person 65 years of age or older from ad valorem taxation for general elementary and secondary public school purposes. The legislature by general law may base the amount of and condition eligibility for the additional exemption authorized by this subsection for disabled persons and for persons 65 years of age or older on economic need. An eligible disabled person who is 65 years of age or older may not receive both exemptions from a school district but may choose either. An eligible person is entitled to receive both the exemption required by this subsection for all residence homesteads and any exemption adopted pursuant to Subsection (b) of this section, but the legislature shall provide by general law whether an eligible disabled or elderly person may receive both the additional exemption for the elderly and disabled authorized by this subsection and any exemption for the elderly or disabled adopted pursuant to Subsection (b) of this section. Where ad valorem tax has previously been pledged for the payment of debt, the taxing officers of a school district may continue to levy and collect the tax against the value of homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The legislature shall provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of this subsection, Subsection (d) of this section, and Section 1-d-1 of this article. The legislature by general law may define residence homestead for purposes of this section.

(d)  Except as otherwise provided by this subsection, if a person receives a residence homestead exemption prescribed by Subsection (c) of this section for homesteads of persons who are 65 years of age or older or who are disabled, the total amount of ad valorem taxes imposed on that homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person or that person's spouse who receives the exemption.  If a person who is 65 years of age or older or who is disabled dies in a year in which the person received the exemption, the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death, subject to any exceptions provided by general law.  The legislature, by general law, may provide for the transfer of all or a proportionate amount of a limitation provided by this subsection for a person who qualifies for the limitation and establishes a different residence homestead.  However, taxes otherwise limited by this subsection may be increased to the extent the value of the homestead is increased by improvements other than repairs or improvements made to comply with governmental requirements and except as may be consistent with the transfer of a limitation under this subsection.  For a residence homestead subject to the limitation provided by this subsection in the 1996 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 1997 tax year and subsequent tax years in an amount equal to $10,000 multiplied by the 1997 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 2014 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 2015 tax year and subsequent tax years in an amount equal to $10,000 multiplied by the 2015 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 2021 tax year or an earlier tax year, the legislature shall provide for a reduction in the amount of the limitation for the 2023 tax year and subsequent tax years in an amount equal to $15,000 multiplied by the 2022 tax rate for general elementary and secondary public school purposes applicable to the residence homestead. Beginning with the 2023 tax year, for any tax year in which the amount of the exemption provided by Subsection (c) of this section applicable to the residence homestead of a married or unmarried adult, including one living alone, or the amount of the exemption provided by Subsection (c) of this section applicable to the residence homestead of a person who is disabled as defined by Subsection (b) of this section and of a person 65 years of age or older is increased, the legislature shall provide for a reduction for that tax year and subsequent tax years in the amount of the limitation provided by this subsection applicable to a residence homestead that was subject to the limitation in the tax year preceding the tax year in which the amount of the exemption is increased 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.

SECTION 2.  Section 22, Article VIII, Texas Constitution, is amended by adding Subsection (a-1) to read as follows:

(a-1)  Appropriations from state tax revenues not dedicated by this constitution that are made for the purpose of paying for school district ad valorem tax relief as identified by the legislature by general law are not included as appropriations for purposes of determining whether the rate of growth of appropriations exceeds the limitation prescribed by Subsection (a) of this section.

SECTION 3.  The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 88th Legislature, 1st Called Session, 2023, to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads, to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts, and to except certain appropriations to pay for school district ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations.

(b)  The amendments to Sections 1-b(c) and (d), Article VIII, of this constitution take effect for the tax year beginning January 1, 2023.

(c)  The amendment to Section 22, Article VIII, of this constitution applies to appropriations made for the state fiscal biennium beginning September 1, 2023, and subsequent state fiscal bienniums.

(d)  This temporary provision expires January 1, 2025.

SECTION 4.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment to increase the amount of the residence homestead exemption from ad valorem taxation for public school purposes from $40,000 to $100,000; to adjust the amount of the limitation on ad valorem taxes for public school purposes imposed on the residence homestead of a person who is disabled or is 65 years of age or older to reflect increases in certain exemption amounts; and to except certain appropriations to pay for school district ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations."