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H.J.R. No. 2

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the legislature
2 to establish a limit on the maximum appraised value of real property
3 other than a residence homestead for ad valorem tax purposes; to
4 increase the amount of the exemption from ad valorem taxation by a
5 school district applicable to residence homesteads; to adjust the
6 amount of the limitation on school district ad valorem taxes
7 imposed on the residence homesteads of the elderly or disabled to
8 reflect increases in certain exemption amounts; to except certain
9 appropriations to pay for ad valorem tax relief from the
10 constitutional limitation on the rate of growth of appropriations;
11 and to authorize the legislature to provide for a four-year term of
12 office for a member of the governing body of certain appraisal
13 entities.

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

15 SECTION 1. Section 1, Article VIII, Texas Constitution, is
16 amended by adding Subsection (n) to read as follows:

17 (n) This subsection does not apply to a residence homestead
18 to which Subsection (i) of this section applies. Notwithstanding
19 Subsections (a) and (b) of this section, the Legislature by general
20 law may limit the maximum appraised value of real property for ad
21 valorem tax purposes in a tax year to the lesser of the most recent
22 market value of the property as determined by the appraisal entity
23 or 120 percent, or a greater percentage, of the appraised value of
24 the property for the preceding tax year. The general law enacted

1 under this subsection may prescribe additional eligibility
2 requirements for the limitation on appraised values authorized by
3 this subsection. A limitation on appraised values authorized by
4 this subsection:

5 (1) takes effect as to a parcel of real property
6 described by this subsection on the later of the effective date of
7 the law imposing the limitation or January 1 of the tax year
8 following the first tax year in which the owner owns the property on
9 January 1; and

10 (2) expires on January 1 of the tax year following the
11 tax year in which the owner of the property ceases to own the
12 property.

13 SECTION 2. Sections 1-b(c) and (d), Article VIII, Texas
14 Constitution, are amended to read as follows:

15 (c) The amount of \$100,000 [~~\$40,000~~] of the market value of
16 the residence homestead of a married or unmarried adult, including
17 one living alone, is exempt from ad valorem taxation for general
18 elementary and secondary public school purposes. The legislature
19 by general law may provide that all or part of the exemption does
20 not apply to a district or political subdivision that imposes ad
21 valorem taxes for public education purposes but is not the
22 principal school district providing general elementary and
23 secondary public education throughout its territory. In addition
24 to this exemption, the legislature by general law may exempt an
25 amount not to exceed \$10,000 of the market value of the residence
26 homestead of a person who is disabled as defined in Subsection (b)
27 of this section and of a person 65 years of age or older from ad

1 valorem taxation for general elementary and secondary public school
2 purposes. The legislature by general law may base the amount of and
3 condition eligibility for the additional exemption authorized by
4 this subsection for disabled persons and for persons 65 years of age
5 or older on economic need. An eligible disabled person who is 65
6 years of age or older may not receive both exemptions from a school
7 district but may choose either. An eligible person is entitled to
8 receive both the exemption required by this subsection for all
9 residence homesteads and any exemption adopted pursuant to
10 Subsection (b) of this section, but the legislature shall provide
11 by general law whether an eligible disabled or elderly person may
12 receive both the additional exemption for the elderly and disabled
13 authorized by this subsection and any exemption for the elderly or
14 disabled adopted pursuant to Subsection (b) of this section. Where
15 ad valorem tax has previously been pledged for the payment of debt,
16 the taxing officers of a school district may continue to levy and
17 collect the tax against the value of homesteads exempted under this
18 subsection until the debt is discharged if the cessation of the levy
19 would impair the obligation of the contract by which the debt was
20 created. The legislature shall provide for formulas to protect
21 school districts against all or part of the revenue loss incurred by
22 the implementation of this subsection, Subsection (d) of this
23 section, and Section 1-d-1 of this article. The legislature by
24 general law may define residence homestead for purposes of this
25 section.

26 (d) Except as otherwise provided by this subsection, if a
27 person receives a residence homestead exemption prescribed by

1 Subsection (c) of this section for homesteads of persons who are 65
2 years of age or older or who are disabled, the total amount of ad
3 valorem taxes imposed on that homestead for general elementary and
4 secondary public school purposes may not be increased while it
5 remains the residence homestead of that person or that person's
6 spouse who receives the exemption. If a person who is 65 years of
7 age or older or who is disabled dies in a year in which the person
8 received the exemption, the total amount of ad valorem taxes
9 imposed on the homestead for general elementary and secondary
10 public school purposes may not be increased while it remains the
11 residence homestead of that person's surviving spouse if the spouse
12 is 55 years of age or older at the time of the person's death,
13 subject to any exceptions provided by general law. The
14 legislature, by general law, may provide for the transfer of all or
15 a proportionate amount of a limitation provided by this subsection
16 for a person who qualifies for the limitation and establishes a
17 different residence homestead. However, taxes otherwise limited
18 by this subsection may be increased to the extent the value of the
19 homestead is increased by improvements other than repairs or
20 improvements made to comply with governmental requirements and
21 except as may be consistent with the transfer of a limitation under
22 this subsection. For a residence homestead subject to the
23 limitation provided by this subsection in the 1996 tax year or an
24 earlier tax year, the legislature shall provide for a reduction in
25 the amount of the limitation for the 1997 tax year and subsequent
26 tax years in an amount equal to \$10,000 multiplied by the 1997 tax
27 rate for general elementary and secondary public school purposes

1 applicable to the residence homestead. For a residence homestead
2 subject to the limitation provided by this subsection in the 2014
3 tax year or an earlier tax year, the legislature shall provide for a
4 reduction in the amount of the limitation for the 2015 tax year and
5 subsequent tax years in an amount equal to \$10,000 multiplied by the
6 2015 tax rate for general elementary and secondary public school
7 purposes applicable to the residence homestead. For a residence
8 homestead subject to the limitation provided by this subsection in
9 the 2021 tax year or an earlier tax year, the legislature shall
10 provide for a reduction in the amount of the limitation for the 2023
11 tax year and subsequent tax years in an amount equal to \$15,000
12 multiplied by the 2022 tax rate for general elementary and
13 secondary public school purposes applicable to the residence
14 homestead. Beginning with the 2023 tax year, for any tax year in
15 which the amount of the exemption provided by Subsection (c) of this
16 section applicable to the residence homestead of a married or
17 unmarried adult, including one living alone, or the amount of the
18 exemption provided by Subsection (c) of this section applicable to
19 the residence homestead of a person who is disabled as defined by
20 Subsection (b) of this section and of a person 65 years of age or
21 older is increased, the legislature shall provide for a reduction
22 for that tax year and subsequent tax years in the amount of the
23 limitation provided by this subsection applicable to a residence
24 homestead that was subject to the limitation in the tax year
25 preceding the tax year in which the amount of the exemption is
26 increased in an amount equal to the amount by which the amount of
27 the exemption is increased multiplied by the tax rate for general

1 elementary and secondary public school purposes applicable to the
2 residence homestead for the tax year in which the amount of the
3 exemption is increased.

4 SECTION 3. Section 22, Article VIII, Texas Constitution, is
5 amended by adding Subsection (a-1) to read as follows:

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

12 SECTION 4. Section 30, Article XVI, Texas Constitution, is
13 amended by adding Subsection (e) to read as follows:

14 (e) The Legislature by general law may provide that members
15 of the governing body of an appraisal entity established in a county
16 with a population of 75,000 or more serve terms not to exceed four
17 years.

18 SECTION 5. The following temporary provision is added to
19 the Texas Constitution:

20 TEMPORARY PROVISION. (a) This temporary provision applies
21 to the constitutional amendment proposed by H.J.R. 2, 88th
22 Legislature, 2nd Called Session, 2023.

23 (b) The amendments to Section 1-b, Article VIII, of this
24 constitution take effect for the tax year beginning January 1,
25 2023.

26 (c) The amendment to Section 22, Article VIII, of this
27 constitution applies to appropriations made for the state fiscal

1 biennium beginning September 1, 2023, and subsequent state fiscal
2 bienniums.

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

4 SECTION 6. This proposed constitutional amendment shall be
5 submitted to the voters at an election to be held November 7, 2023.
6 The ballot shall be printed to provide for voting for or against the
7 proposition: "The constitutional amendment to authorize the
8 legislature to establish a limit on the maximum appraised value of
9 real property other than a residence homestead for ad valorem tax
10 purposes; to increase the amount of the exemption from ad valorem
11 taxation by a school district applicable to residence homesteads
12 from \$40,000 to \$100,000; to adjust the amount of the limitation on
13 school district ad valorem taxes imposed on the residence
14 homesteads of the elderly or disabled to reflect increases in
15 certain exemption amounts; to except certain appropriations to pay
16 for ad valorem tax relief from the constitutional limitation on the
17 rate of growth of appropriations; and to authorize the legislature
18 to provide for a four-year term of office for a member of the board
19 of directors of certain appraisal districts."