

By: Vasut

H.B. No. 56

A BILL TO BE ENTITLED

AN ACT

relating to the elimination of ad valorem taxes and the creation of a joint interim committee on the elimination of those taxes.

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

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 (a) Title 1, Tax Code, is repealed.

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

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

(d) This section takes effect January 1, 2033.

SECTION 2. (a) In this section, "committee" means the joint interim committee on the elimination of ad valorem taxes.

(b) The joint interim committee on the elimination of ad valorem taxes is composed of:

(1) five members of the house of representatives appointed by the speaker of the house of representatives; and

(2) five senators appointed by the lieutenant governor.

1 (c) The speaker of the house of representatives and the
2 lieutenant governor shall make the appointments under Subsection
3 (b) of this section not later than March 1, 2024.

4 (d) The speaker of the house of representatives and the
5 lieutenant governor shall each designate a co-chair from among the
6 committee members.

7 (e) The committee shall convene at the joint call of the
8 co-chairs.

9 (f) The committee has all other powers and duties provided
10 to a special or select committee by the rules of the senate and
11 house of representatives, by Subchapter B, Chapter 301, Government
12 Code, and by policies of the senate and house committees on
13 administration.

14 (g) The committee shall conduct a comprehensive study of
15 alternative methods of taxation to replace local tax revenue that
16 will be lost when ad valorem taxes are eliminated.

17 (h) For each alternative method of taxation considered by
18 the committee, the committee shall:

19 (1) consider whether political subdivisions that
20 currently impose ad valorem taxes would have the authority to
21 impose the proposed alternative tax;

22 (2) determine the average tax rate for the proposed
23 alternative tax imposed by each type of political subdivision that
24 would be necessary to generate the same amount of tax revenue as the
25 amount of tax revenue lost as a result of the elimination of ad
26 valorem taxes;

27 (3) determine, if appropriate, the effect that

1 broadening the application of the proposed alternative tax at the
2 local level would have on the tax rates identified under
3 Subdivision (2) of this subsection;

4 (4) identify whether tax revenue generated by the
5 proposed alternative tax would require redistribution to offset
6 disparities in available local tax revenue as a result of the
7 elimination of ad valorem taxes and, if so, evaluate the different
8 mechanisms of redistribution available; and

9 (5) identify and examine any other issue that would
10 need to be addressed to implement the elimination of ad valorem
11 taxes.

12 (i) On request of the committee, a state agency or political
13 subdivision shall provide information for and assistance in
14 conducting the study under this section.

15 (j) Not later than November 1, 2024, the committee shall
16 prepare and submit to the legislature a written report containing
17 the results of the study and any recommendations for legislative or
18 other action.

19 (k) The committee is abolished and this section expires
20 January 1, 2025.

21 SECTION 3. Except as otherwise provided by this Act, this
22 Act takes effect February 7, 2024.