

RESOLUTION ANALYSIS

C.S.H.J.R. 25
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, private property owners in Texas have little fiscal incentive to develop rainwater harvesting and graywater reuse systems. In fact, there are often fiscal disincentives, because after expending funds to install a water conservation system, property owners may then be taxed on the value of that system. The Tax Code exempts the construction and installation of solar panels on private property from property taxes. This encourages and supports the development of solar energy throughout Texas. In August 2022, the U.S. Drought Monitor indicated that 68 percent of Texas was in extreme drought conditions. Despite the continuing threat of more droughts, Texas lacks a similar tax exemption for rainwater harvesting and graywater reuse systems that would aid water conservation. Although current law exempts the sale of rainwater harvesting equipment and supplies from sales taxes, this one-time tax exemption does not meet the same level of tax relief that exists for solar panels and leaves in place a fiscal disincentive against widespread adoption of these systems.

C.S.H.J.R. 25 seeks to remove the disincentive that currently exists for landowners by proposing a constitutional amendment that would allow for a county commissioners court's adoption of a property tax exemption for the installation of rainwater harvesting and graywater reuse systems in or on private property if authorized by the legislature. By promoting the adoption of these systems, property owners would contribute to statewide water conservation efforts and would lessen the strain on water reserves during times of drought.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 25 proposes an amendment to the Texas Constitution to authorize the legislature by general law to authorize a county commissioners court to exempt from property taxation by each political subdivision that taxes the property the portion of the assessed value of a person's property that is attributable to the installation in or on the property of a rainwater harvesting or graywater system. The resolution also authorizes the legislature by general law to provide additional eligibility requirements for the exemption.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 7, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.J.R. 25 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the resolution.

Both the introduced and the substitute provide for an exemption from property taxation of the portion of the assessed value of a person's property that is attributable to the installation in or on the property of a rainwater harvesting or graywater system. However, the introduced authorized the legislature to exempt such property from taxation, whereas the substitute authorizes the legislature to authorize a county commissioners court to exempt such property from taxation by each political subdivision that taxes the property. Accordingly, the substitute revises the ballot language that was included in the introduced to reflect that change to the resolution.