

RESOLUTION ANALYSIS

C.S.H.J.R. 141
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, farmers receive an exemption from all taxation for farm products, livestock, and poultry, as well as implements of husbandry used to produce the outputs listed above, which are defined as machinery and equipment items that are used in the production of farm or ranch products. However, there is no exemption currently provided for assets used to begin production, such as weaned animals, seeds, fertilizer, and pesticides. This is inconsistent and the constitution should be amended to ensure that farmers are properly incentivized to continue their essential contributions to the state economy. C.S.H.J.R. 141 seeks to propose a constitutional amendment to allow the legislature to define more appropriately what constitutes "farm products" for purposes of the tax exemption.

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. 141 proposes an amendment to the Texas Constitution to revise the provision exempting from all taxation farm products, livestock, and poultry in the hands of the producer as follows:

- removes livestock and poultry from the items expressly exempted from taxation; but
- authorizes the legislature by general law to define "in the hands of the producer" and "farm products" and authorizes the definition of "farm products" to include livestock and poultry, timber, and supplies used or produced in a farming operation.

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. 141 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.

Whereas the introduced proposed a constitutional amendment directly exempting from all taxation farm production inputs such as seeds, weaned animals, fertilizer, pesticides, feed, or any other resources used to begin the production of crops, fruits, flowers, and other products of the soil, or farm products, the substitute does not. Instead, the substitute proposes a constitutional amendment to revise the existing provision exempting from all taxation farm products, livestock, and poultry in the hands of the producer as follows:

- removes livestock and poultry from the items expressly exempted from taxation; but
- authorizes the legislature by general law to define "in the hands of the producer" and "farm products" and authorizes the definition of "farm products" to include livestock and poultry, as well as timber and supplies used or produced in a farming operation.

Accordingly, the substitute revises the prescribed ballot language set out in the introduced for the proposed constitutional amendment.