

By: Vasut

H.B. No. 265

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) 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.

(c) The speaker of the house of representatives and the lieutenant governor shall make the appointments under Subsection (b) of this section not later than January 1, 2026.

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

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

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

1 administration.

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

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

7 (1) consider whether political subdivisions that
8 currently impose ad valorem taxes would have the authority to
9 impose the proposed alternative tax;

10 (2) determine the average tax rate for the proposed
11 alternative tax imposed by each type of political subdivision that
12 would be necessary to generate the same amount of tax revenue as the
13 amount of tax revenue lost as a result of the elimination of ad
14 valorem taxes;

15 (3) determine, if appropriate, the effect that
16 broadening the application of the proposed alternative tax at the
17 local level would have on the tax rates identified under
18 Subdivision (2) of this subsection;

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

24 (5) identify and examine any other issue that would
25 need to be addressed to implement the elimination of ad valorem
26 taxes.

27 (i) On request of the committee, a state agency or political

1 subdivision shall provide information for and assistance in
2 conducting the study under this section.

3 (j) Not later than November 1, 2026, the committee shall
4 prepare and submit to the legislature a written report containing
5 the results of the study and any recommendations for legislative or
6 other action.

7 (k) The committee is abolished and this section expires
8 January 1, 2027.

9 SECTION 2. (a) Title 1, Tax Code, is repealed.

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

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

20 (d) This section takes effect January 1, 2035.

21 SECTION 3. Except as otherwise provided by this Act, this
22 Act takes effect on the 91st day after the last day of the
23 legislative session.