

## **BILL ANALYSIS**

Senate Research Center

S.J.R. 18  
By: Perry  
Finance  
6/6/2025  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, several states do not have a state income tax, including Texas. Although state law in the State of Washington prohibits the state from adopting an income tax, the Washington Legislature successfully enacted a capital gains tax that has survived court challenges.

Many Texans were previously reassured that Texas would not be able to enact a capital gains tax because the state has a constitutional amendment barring the establishment of an income tax.

However, after this recent development in the State of Washington and discussions in Congress about taxing unrealized capital gains, many Texans are concerned that a future legislature could enact a capital gains tax.

This constitutional amendment would prohibit Texas from ever enacting a capital gains tax on realized or unrealized capital gains of an individual, family, estate, or trust. This amendment will ensure Texas remains a tax friendly state.

S.J.R. 18 proposes a constitutional amendment prohibiting the imposition of a tax on the realized or unrealized capital gains of an individual, family, estate, or trust.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article VIII, Texas Constitution, by adding Section 24-b, as follows:

Sec. 24-b. (a) Prohibits the legislature, subject to Subsection (b) of this section, from imposing a tax on the realized or unrealized capital gains of an individual, family, estate, or trust, including a tax on the sale or transfer of a capital asset that is payable by the individual, family, estate, or trust selling or transferring the asset.

(b) Prohibits this section from being construed as modifying the applicability or prohibiting the imposition or change in the sale of an ad valorem tax on property, a sales tax on the sale of goods or services, or a use tax on the storage, use, or other consumption in this state of goods or services.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2025. Sets forth the required language of the ballot.