

By: Phelan

H.J.R. No. 202

A JOINT RESOLUTION

1 proposing a constitutional amendment to provide for an exemption
2 from ad valorem taxation of the total market value of real property
3 on which the ad valorem taxes have been prepaid and to establish the
4 prepaid property tax trust fund to provide annual distributions to
5 political subdivisions affected by the exemption.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Article III, Texas Constitution, is amended by
8 adding Section 49-s to read as follows:

9 Sec. 49-s. (a) The prepaid property tax trust fund is
10 established as a trust fund outside the state treasury to be held
11 and administered by the comptroller of public accounts as trustee
12 for eligible political subdivisions.

13 (b) The fund consists of prepayments of ad valorem taxes on
14 real property received by the comptroller for the purpose of
15 exempting the real property from ad valorem taxation under a
16 general law authorized by Section 1-z, Article VIII, of this
17 constitution.

18 (c) The comptroller shall make annual disbursements from
19 the fund to eligible political subdivisions. A political
20 subdivision is eligible for a disbursement from the fund in any year
21 in which real property subject to ad valorem taxation by the
22 political subdivision receives an exemption under a general law
23 authorized by Section 1-z, Article VIII, of this constitution.

24 (d) The comptroller shall determine the amount available

1 for distribution from the fund each year in accordance with a
2 distribution policy adopted by the comptroller that is designed to
3 provide as nearly as practicable an annual distribution from the
4 fund to each eligible political subdivision in an amount equal to a
5 reimbursement amount determined by the comptroller in the manner
6 provided by general law. The comptroller may proportionally reduce
7 the distributions made from the fund in any year to prevent the fund
8 from becoming insolvent.

9 (e) In managing the assets of the fund the comptroller may
10 acquire, exchange, sell, supervise, manage, or retain any kind of
11 investment that a prudent investor, exercising reasonable care,
12 skill, and caution, would acquire or retain in light of the
13 purposes, terms, distribution requirements, and other
14 circumstances of the fund then prevailing, taking into
15 consideration the investment of all the assets of the fund rather
16 than a single investment.

17 SECTION 2. Article VIII, Texas Constitution, is amended by
18 adding Section 1-z to read as follows:

19 Sec. 1-z. The legislature by general law may exempt from ad
20 valorem taxation by a political subdivision the total market value
21 of real property for which the property owner prepays an estimate of
22 the property's future ad valorem tax liability, as determined
23 pursuant to a formula adopted by the comptroller of public
24 accounts. The general law may require additional prepayments to
25 exempt any portion of the value of the property attributable to
26 improvements made after the initial prepayment of taxes on the
27 property. A general law adopted under this section may provide

1 additional eligibility requirements for the exemption.

2 SECTION 3. This proposed constitutional amendment shall be
3 submitted to the voters at an election to be held November 4, 2025.
4 The ballot shall be printed to permit voting for or against the
5 proposition: "The constitutional amendment to provide for an
6 exemption from ad valorem taxation of the total market value of real
7 property on which the ad valorem taxes have been prepaid and to
8 establish the prepaid property tax trust fund to provide annual
9 distributions to political subdivisions affected by the
10 exemption."