

SUBJECT: Voter-authorized homestead exemption from school district taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — Craddick, Wolens, Finnell, Heflin, Horn, Marchant, Oliveira, Place, Romo

0 nays

2 absent — Holzheuser, T. Hunter

WITNESSES: For — Margaret Baird, Taxpayers Coalition of Clear Creek; Roger E. Nylin, mayor of El Lago; Jennifer Schlicke, Tax Assessors-Collectors Association.

Against — None

BACKGROUND: Article 7, sec. 1-b(e), of the Texas Constitution allows the governing bodies of local taxing authorities to exempt a percentage, up to 20 percent, of the market value of qualified homesteads within the unit. The minimum optional exemption is \$5,000. Tax Code sec. 11.13 provides for these residence homestead exemptions.

DIGEST: HJR 75 proposes a constitutional amendment to allow voters in a school district to adopt, at an election, a percentage homestead exemption for school district taxable values. A school board would be required to call an election on petition of at least 20 percent of the voters in the preceding school district election.

Voters would be allowed to adopt the exemption if the school board had not already done so and could increase or decrease the amount of an adopted exemption. The school board would be prohibited from increasing or decreasing the amount of an exemption adopted by the voters.

The proposal would be submitted to voters at an election on November 7, 1995. The ballot would state: "The constitutional amendment to authorize the voters of a school district to adopt or determine the amount of a residence homestead exemption from ad valorem taxation by the district."

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**SUPPORTERS
SAY:**

County education districts (CEDs) existed during the 1991-92 and 1992-93 school years, and Texas homeowners were provided by constitutional amendment and local-option election with a 20 percent mandatory homestead exemption from the value of homesteads on CED tax rolls. However, when CEDs were invalidated by the Texas Supreme Court and were terminated upon the implementation of the state's new school finance plan, this mandatory exemption was lost.

The loss of the mandatory homestead exemption has resulted not only in big increases in homeowners' taxes but also a shifting of much of the school tax burden from business and commercial property to residential property. HB 1622 would help remedy this situation and give local voters, rather than only school boards, power to decide whether they want to approve an exemption equal to the CED exemption they lost or to set an exemption of another size.

**OPPONENTS
SAY:**

While lower taxes may be popular, HJR 75's proposed constitutional amendment would mistakenly take the authority over a district's tax base from a school board that represents the whole school district and place the authority in a small group of voters who participate in district elections. This is bad fiscal policy which could result in higher school districts tax rates, to help generate the revenue lost through the homestead exemption, and new pressures on state funding mechanisms.

NOTES:

HB 1622 by Jackson, which would amend the Tax Code to implement HJR 75, is also on today's calendar.