

- SUBJECT:** Allowing certain entities to adopt dollar-value homestead exemptions
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 8 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Parker, C. Turner
- 2 nays — Murphy, Springer
- 1 absent — Wray
- SENATE VOTE:** On final passage, May 5 — 31-0
- WITNESSES:** For — Erik Nelson, City of Austin; Deece Eckstein, Travis County Commissioners Court; (*Registered, but did not testify:* Dick Lavine, Center for Public Policy Priorities; Nancy Williams, City of Austin; Tom Tagliabue, City of Corpus Christi; Charles Reed, Dallas County Commissioners Court; Donna Warndof, Harris County; Mark Mendez, Tarrant County Commissioners Court; Daniel Gonzalez and Steven Garza, Texas Association of Realtors; Rick Thompson, Texas Association of Counties; Donald Lee, Texas Conference of Urban Counties; Monty Wynn, Texas Municipal League)
- Against — Dale Craymer, Texas Taxpayers and Research Association; (*Registered, but did not testify:* Julie Moore, Occidental Petroleum; Richard A. (Tony) Bennett, Texas Association of Manufacturers; Bill Hammond, Texas Association of Business; Ronnie Volkening, Texas Retailers Association; John W. Fainter, Jr., the Association of Electric Companies of Texas, Inc.; Daniel Womack, the Dow Chemical Company; James LeBas, Texas Chemical Council, AECT, TXOGA, Texas Association of Manufacturers)
- BACKGROUND:** Tex. Const., Art. 8, sec. 1-b(e) allows a political subdivision other than a county education district to establish a homestead exemption that exempts a percentage of the homestead's value from taxation.

**DIGEST:**

CSSJR 20 would amend the Texas Constitution to allow a political subdivision other than a school district to create a homestead exemption of a dollar amount of at least \$5,000 and less than or equal to 20 percent of the value of the average homestead in the district. If a tax was necessary to fulfill a payment of debt, the tax could continue to be levied against the value of the homesteads exempted under this provision until the debt was discharged.

Under CSSJR 20, the Legislature could prohibit the taxing district from reducing or repealing a homestead exemption.

An individual could continue to receive a homestead exemption granted under certain authority given by existing law to a non-school district taxing entity if the current exemption exceeded the exemption established under the authority granted by CSSJR 20.

These provisions would take effect January 1, 2016.

The ballot proposal would be presented to voters at an election on November 3, 2015. The ballot proposal would read: “The constitutional amendment authorizing the governing body of a political subdivision other than a school district to adopt an exemption from ad valorem taxation of a portion, expressed as a dollar amount, of the market value of an individual's residence homestead and authorizing the legislature to prohibit the governing body of any political subdivision that adopts an exemption from ad valorem taxation of a portion, expressed as a percentage or a dollar amount, of the market value of an individual's residence homestead from reducing the amount of or repealing the exemption.”

**SUPPORTERS  
SAY:**

CSSJR 20, in conjunction with its enabling legislation, CSSB 279, would allow a non-school taxing district options in choosing to set homestead exemptions to provide tax relief. Current law allows only school districts to grant a flat-amount homestead exemption. Non-school taxing districts may set homestead exemptions only of a percentage of a homestead's value. However, this dissuades some from offering a homestead

exemption entirely because a percentage-based homestead exemption can be so large that the local government surrenders an unsustainable amount of revenue. In some cases, a city is so small that a percentage-based exemption would offer little relief while costing a city more than it could afford.

Together with CSSB 279, this legislation would allow local governments to reduce property taxes while retaining the authority to pick what option works best for their specific jurisdiction. It would ensure that the homeowners received the maximum benefit, as they could keep their percentage exemption if it exceeded an exemption adopted under the authority of this joint resolution. Homestead exemptions deliver tax relief directly to consumers and families.

**OPPONENTS  
SAY:**

CSSJR 20 would allow local governments to shift the burden from one group of taxpayers to another. Instead of giving tax relief to only one group of taxpayers, local entities should cut tax rates altogether.

**NOTES:**

The Legislative Budget Board notes that the cost to the state for publishing this resolution would be \$118,681.