

SUBJECT: Allowing certain local option tax exemptions for child-care facilities

COMMITTEE: Ways & Means — favorable, without amendment

VOTE: 9 ayes — Meyer, Thierry, Button, Craddick, Gervin-Hawkins, Muñoz, Raymond, Shine, Turner

1 nay — Noble

1 absent — Hefner

SENATE VOTE: On final passage (May 3) — 25 - 6

WITNESSES: None

BACKGROUND: Texas Constitution Art. 8, sec. 1 requires taxation to be equal and uniform and that all real property and tangible personal property in the state, unless exempt as required or permitted by the Constitution, be taxed in proportion to its value.

Some have suggested that providing a property tax exemption for Texas child-care centers would free-up resources that could be used to pay higher wages and increase child-care centers' ability to hire and retain staff.

DIGEST: SJR 64 would amend the Texas Constitution to allow the governing body of a county or municipality to exempt from property taxation all or part of the appraised value of real property used to operate a child-care facility. The governing body could adopt the exemption as a percentage of appraised value, and if so, the percentage could not be less than 50%.

The Legislature could define "child-care facility" and provide additional eligibility requirements to implement the exemption.

A ballot proposal would be presented to voters at an election on November 7, 2023 and would read: "The constitutional amendment

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authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility."

NOTES:

The enabling legislation for SJR 64 is SB 1145, which passed from the House on May 16 with a vote of 109 Yeas, 33 Nays, 1 Present, not voting.

According to the Legislative Budget Board, the proposed constitutional amendment would have no cost to the state other than the cost of publication, which would be \$204,406.