

BILL ANALYSIS

Senate Research Center

S.J.R. 10
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 75th Legislature, Regular Session, amended the Tax Code to set a 10 percent cap on the annual increase in appraised value of residence homesteads. Providing an opportunity for constituents of a local government to vote on a different cap on said annual increase may best serve the needs of that population.

S.J.R. 10 proposes a constitutional amendment to authorize local taxing jurisdictions to set an appraisal cap below 10 percent, but not lower than three percent, as approved by a majority vote of the governing board of the taxing jurisdiction.

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 Section 1, Article VIII, Texas Constitution, by adding Subsection (i-1), as follows:

(i-1) Authorizes the governing body of a political subdivision to establish for purposes of ad valorem taxation by the political subdivision a limit on the maximum average annual percentage increase in the appraised value of residence homesteads in the political subdivision of not less than three percent, notwithstanding constitutional law requiring that taxation be equal and uniform, and that all real property and tangible property in this state, unless exempt as required or permitted by the constitution, whether owned by natural persons or corporations, other than municipal, be taxed in proportion to its value. Provides that a limitation on residence homestead appraisal increases (limitation) established under this subsection takes effect on the later of the effective date of the law imposing the limitation or January 1 of the tax year following the first tax year the owner qualifies for the property for an exemption, and expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for an exemption. Provides that if the political subdivision establishes a limitation under this subsection applicable to a tax year for which the legislature has enacted a limitation, the lower percentage limitation of the two applies to the political subdivision. Provides that a limitation under this subsection as established by a the governing body of a political subdivision is in effect until amended, repealed, or rescinded by the governing body. Provides that amendments, repeals, or rescissions on limitations may not take effect before January 1 of the sixth tax year following the tax year in which the limitation was established. Prohibits a subsequent amendment of the limitation from taking effect before January 1 of the sixth tax year following the tax year in which the preceding amendment was adopted.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 6, 2007. Sets forth the required language for the ballot.