

BILL ANALYSIS

Senate Research Center
80R786 SMH-D

S.J.R. 30
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Constitution currently exempts household goods not held or used for the production of income from ad valorem taxes. This provision has been interpreted to not apply to a person who rents or leases household goods, even if the lessee is not using the rented property for the production of income. The result of this interpretation is a variation in tax treatment between people with and without rent-to-own personal property.

S.J.R. 30 proposes a constitutional amendment to exempt tangible personal property intended for personal use within the home that is subject to a rent-to-own contract from ad valorem taxation. This amendment also authorizes changes to current law to require the chief appraiser in each taxing district to use a certain method to depreciate rent-to-own personal property over a period of three years.

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 amending Subsections (d) and (e) and by adding Subsection (j), as follows:

(d) Requires the legislature, by general law, to exempt from ad valorem taxation household goods and personal effects not held or used for the production of income. Includes tangible personal property, subject to Subsection (e), that is subject to a rent-to-own contract, is held for personal use and not for income production by the lessee, and otherwise qualifies under general law, as property which the legislature is authorized to exempt from taxation.

(e) Includes rent-to-own tangible personal property under the types of property for which the governing body of a political subdivision is authorized to provide for the property's taxation, unless the property is exempt from ad valorem taxation under any other law. Authorizes the legislature to provide limitations to the application of such taxation on rent-to-own tangible personal property.

(j) Authorizes the legislature, by general law, to prescribe the method to be used to depreciate tangible personal property for the purpose of appraising the property for ad valorem taxation if the property is held for personal use within the home and is owned by a dealer leasing that property through a rent-to-own contract. Authorizes the method to provide for the complete depreciation of the property over a period of not less than three years.

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.