

## **BILL ANALYSIS**

Senate Research Center

S.J.R. 1  
By: Nelson et al.  
Finance  
6/29/2015  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.J.R. 1 reduces the property tax burden on homeowners by increasing the homestead exemption for school district taxes from \$15,000 to 25 percent of Texas home median market value. The exemption amounts are estimated to be \$33,625 in 2016 and \$35,979 in 2017.

In addition, S.J.R. 1 holds harmless the school districts as a result of the increased homestead exemption. The homestead exemption increase applies to homeowners beginning January 1, 2015, ensuring that tax relief is received as soon as possible.

S.J.R. 1 also provides that the legislature may require local taxing units that currently offer the optional homestead exemption to maintain the currently offered exemptions.

S.J.R. 1 prohibits the imposition of any tax on the sale of real property.

S.J.R. 1 proposes a constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes and providing for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed for those purposes on the homestead of an elderly or disabled person to reflect the increased exemption amount, authorizes the legislature to prohibit a political subdivision that has adopted an optional residence homestead exemption from ad valorem taxation from reducing the amount of or repealing the exemption, and prohibits the enactment of a law that imposes a transfer tax on a transaction that conveys fee simple title to real property.

### **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 Sections 1-b(c), (d), and (e), Article VIII, Texas Constitution, as follows:

(c) Provides that the amount of \$25,000, rather than fifteen thousand dollars (\$15,000), of the market value of the residence homestead of a married or unmarried adult, including one living alone, is exempt from ad valorem taxation for general elementary and secondary public school purposes. Authorizes the legislature by general law to provide that all or part of the exemption does not apply to a district or political subdivision that imposes ad valorem taxes for public education purposes but is not the principal school district providing general elementary and secondary public education throughout its territory. Authorizes the legislature, in addition to this exemption, by general law to exempt an amount not to exceed \$10,000 of the market value of the residence homestead of a person who is disabled as defined in Subsection (b) of this section and of a person 65 years of age or older from ad valorem taxation for general elementary and secondary public school purposes. Authorizes the legislature by general law to base the amount of and condition eligibility for the additional exemption authorized by this subsection for disabled persons and for persons 65 years of age or older on economic need. Prohibits an eligible disabled person who is 65 years of age or older from receiving both exemptions from a school district but authorizes the person to choose either. Entitles an eligible

person to receive both the exemption required by this subsection for all residence homesteads and any exemption adopted pursuant to Subsection (b) of this section, but the legislature is required to provide by general law whether an eligible disabled or elderly person may receive both the additional exemption for the elderly and disabled authorized by this subsection and any exemption for the elderly or disabled adopted pursuant to Subsection (b) of this section. Authorizes the taxing officers of a school district, where ad valorem tax has previously been pledged for the payment of debt, to continue to levy and collect the tax against the value of homesteads exempted under this subsection until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. Requires the legislature to provide for formulas to protect school districts against all or part of the revenue loss incurred by the implementation of this subsection, Subsection (d) of this section, and Section 1-d-1 of this article. Authorizes the legislature by general law to define residence homestead for purposes of this section.

(d) Provides that, except as otherwise provided by this subsection, if a person receives a residence homestead exemption prescribed by Subsection (c) of this section for homesteads of persons who are 65 years of age or older or who are disabled, the total amount of ad valorem taxes imposed on that homestead for general elementary and secondary public school purposes may not be increased while it remains the residence homestead of that person or that person's spouse who receives the exemption. Provides that the total amount of ad valorem taxes imposed on the homestead for general elementary and secondary public school purposes, if a person 65 years of age or older dies in a year in which the person received the exemption, may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death, subject to any exceptions provided by general law. Requires the legislature, for a residence homestead subject to the limitation provided by this subsection in the 2014 tax year or an earlier tax year, to provide for a reduction in the amount of the limitation for the 2015 tax year and subsequent tax years in an amount equal to \$10,000 multiplied by the 2015 tax rate for general elementary and secondary public school purposes applicable to the residence homestead. Makes nonsubstantive changes.

(e) Authorizes the legislature by general law to prohibit the governing body of a political subdivision that adopts an exemption under this subsection from reducing the amount of or repealing the exemption. Makes a nonsubstantive change.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 29, as follows:

Sec. 29. (a) Provides that, after January 1, 2016, no law may be enacted that imposes a transfer tax on a transaction that conveys fee simple title to real property.

(b) Provides that this section does not prohibit:

- (1) the imposition of a general business tax measured by business activity;
- (2) the imposition of a tax on the production of minerals;
- (3) the imposition of a tax on the issuance of title insurance; or
- (4) the change of a rate of a tax in existence on January 1, 2016.

SECTION 3. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by S.J.R. 1, 84th Legislature, Regular Session, 2015.

(b) Provides that the amendments to Sections 1-b(c), (d), and (e), Article VIII, of this constitution take effect for the tax year beginning January 1, 2015.

(c) Provides that this temporary provision expires January 1, 2017.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2015. Sets forth the required language for the ballot.