

BILL ANALYSIS

Senate Research Center
84R25057 SMH-D

C.S.S.J.R. 20
By: Watson
Finance
4/22/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Cities, counties, and other local governments may offer a property tax exemption for homesteads of up to 20 percent, with a minimum exemption of \$5,000. Unlike school districts, the other local governments are not allowed to grant a flat-amount homestead exemption.

C.S.S.J.R. 20 is a constitutional amendment that would allow cities, counties, and other jurisdictions to offer a flat homestead exemption of at least \$5,000.

Jurisdictions must enact a homestead exemption or opt out through a vote of the governing body.

The committee substitute to S.J.R. 20 ensures that no homeowner would see a decrease in their exemption if a jurisdiction moves from a percentage to a flat-amount exemption. The homeowner would be entitled to an exemption in an amount equivalent to what the homeowner received under the previous percentage exemption. If the flat exemption amount exceeds that value, the homeowner would get the greater of the two.

C.S.S.J.R. 20 proposes a 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.

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-b, Article VIII, Texas Constitution, by adding Subsections (n), (o), and (p), as follows:

(n) Provides that the governing body of a political subdivision other than a school district by official action may exempt from ad valorem taxation a portion of the market value of the residence homestead of an individual. Provides that the amount of the exemption is \$5,000 unless a larger amount is specified by the governing body authorizing the exemption. Provides that, where ad valorem tax has previously been pledged for the payment of debt, the governing body may continue to levy and collect the tax against the value of the 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.

(o) Provides that this subsection applies only to a political subdivision to which Subsection (n) of this section applies the governing body of which has not adopted an exemption under Subsection (e) (providing that the governing body of a political subdivision, other than a county education district, may exempt from ad valorem taxation a percentage of the market value of the residence homestead of a married or unmarried adult, including one living alone) of this section. Provides that an individual is entitled to an exemption from ad valorem taxation by the political subdivision under Subsection (n) of this section as if the exemption were adopted by the governing body under that

subsection unless the governing body by official action elects not to adopt an exemption under that subsection. Provides that the amount of the exemption is \$5,000 unless the governing body authorizes an exemption in a larger amount as provided by Subsection (n) of this section.

(p) Provides that this subsection applies only to a political subdivision the governing body of which has ceased granting an exemption under Subsection (e) of this section and has adopted an exemption under Subsection (n) of this section. Provides that an individual who would have been entitled to an exemption from ad valorem taxation by the political subdivision under Subsection (e) of this section had the governing body not ceased granting an exemption under that subsection is entitled to continue to receive an exemption under that subsection in lieu of the exemption under Subsection (n) of this section if the individual otherwise qualifies for the exemption under Subsection (e) of this section and the amount of the exemption under that subsection as calculated under this subsection exceeds the amount of the exemption under Subsection (n) of this section. Provides that the exemption applies only to property for which the individual received an exemption under Subsection (e) of this section in the last tax year in which the governing body granted an exemption under that subsection. Provides that, notwithstanding Subsection (e) of this section, the amount of the exemption is the dollar amount of the exemption that the individual received under that subsection in the last tax year in which the governing body granted an exemption under that subsection.

SECTION 2. Adds the following temporary provision to the Texas Constitution:

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

(b) Provides that the amendments to Section 1-b, Article VIII, of this constitution take effect beginning with the tax year that begins January 1, 2016.

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

SECTION 3. 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 of the ballot.