

BILL ANALYSIS

Senate Research Center
8R2034 GRM-D

H.J.R. 38
By: Leach et al. (Fallon)
Finance
5/15/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Contrary to popular belief, the Texas Constitution does not currently bar the state from imposing and collecting a state income tax. Rather, Section 24, Article 8, provides that a general law enacted by the legislature to impose a personal income tax does not become effective until it is approved by a vote of the people.

A general law, of course, can be enacted by a simple majority vote as opposed to the two-thirds vote of both houses required for an amendment to the Constitution. By adopting a constitutional amendment banning the state from imposing or collecting a state income tax, Texas can assure its citizens that it will be much harder for the state to enact an income tax in the future.

H.J.R. 38 proposes a constitutional amendment to bar the state from imposing or collecting an income tax, thereby requiring that any future imposition of an income tax be accomplished by constitutional amendment, requiring a two-thirds vote of each house before ratification by a vote of the people.

The amendment would provide that the legislature may not impose a tax on the net incomes of individuals, including an individual's share of partnership and unincorporated association income.

H.J.R. 38 proposes a constitutional amendment prohibiting the imposition of an individual income tax.

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(c), Article VIII, Texas Constitution, to authorize the legislature to also tax incomes of corporations other than municipal, rather than authorizing the legislature, subject to the restrictions of Section 24 (Personal Income Tax; Dedication of Proceeds) of this article, to also tax incomes of both natural persons and corporations other than municipal.

SECTION 2. Amends Article VIII, Texas Constitution, by adding Section 24–a to prohibit the legislature from imposing a tax on the net incomes of individuals, including an individual's share of partnership and unincorporated association income.

SECTION 3. Repealer: Section 24 (Personal Income Tax; Dedication of Proceeds), Article VIII, Texas Constitution.

SECTION 4. Requires that this proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2019. Sets forth the required language of the ballot.