

## **BILL ANALYSIS**

Senate Research Center  
86R12310 CJC/MEW-D

S.J.R. 71  
By: Bettencourt et al.  
Property Tax  
3/22/2019  
As Filed

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

Under current law, homeowners are entitled to an exemption of \$25,000 of the value of their home for school taxes. S.B. 5 and S.J.R. 71 reduce the property tax burden on homeowners by increasing the homestead exemption for school district taxes from \$25,000 to \$35,000.

S.J.R. 71 uses revenue attributable to oil and gas severance taxes to fund the increased amount of the exemption. Without this allocation, the money would flow into the economic stabilization fund (ESF). This revenue source will provide the funds to schools to make them whole for the tax revenue they will lose due to the increased exemption. It will not affect their ability to set tax rates or any other aspect of their local controlled exemption amount.

### **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 49-g, Article III, Texas Constitution, by adding Subsection (s), as follows:

(s) Requires the comptroller of public accounts of the State of Texas (comptroller), each state fiscal year, to determine the amount of the estimated lost revenue for school districts in that state fiscal year attributable to the increase in the amount of the exemption of residence homesteads from ad valorem taxation for general elementary and secondary public school purposes under Section 1-b(c), Article VIII, of this constitution, proposed by the 86th Legislature, Regular Session, 2019, and approved by the voters, and the reduction in the amount of the limitation on the total amount of ad valorem taxes for general elementary and secondary public school purposes imposed on the residence homesteads of the elderly or disabled under Section 1-b(d), Article VIII, of this constitution, proposed by the 86th Legislature, Regular Session, 2019, and approved by the voters. Requires the comptroller, notwithstanding any other provision of this section, in each state fiscal year, to reduce the amount of the transfer from the general revenue fund to the Economic Stabilization Fund (ESF) to be made under Subsection (c) (relating to certain requirements of the comptroller to transfer certain oil and gas production taxes) of this section by the amount of the estimated lost revenue determined under this subsection and to transfer to the foundation school fund or a successor fund or account an amount of general revenue equal to the amount of that reduction.

SECTION 2. Amends Sections 1-b(c) and (d), Article VIII, Texas Constitution, as follows:

(c) Provides that the amount of \$35,000, rather than \$25,000, 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.

(d) Requires the legislature, for a residence homestead subject to the limitation provided by this subsection in the 2019 tax year or an earlier tax year, to provide for a reduction in

the amount of the limitation for the 2020 tax year in an amount equal to \$10,000 multiplied by the 2020 tax rate for general elementary and secondary public school purposes applicable to the residence homestead.

SECTION 3. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, to use revenue attributable to oil and gas production taxes to increase the amount of the exemption of residence homesteads from ad valorem taxation by a school district and reduce the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect the increased exemption amount.

(b) Provides that Section 49-g(s), Article III, of this constitution applies beginning with the state fiscal year beginning September 1, 2020.

(c) Provides that the amendments to Sections 1-b(c) and (d), Article VIII, of this constitution take effect for the tax year beginning January 1, 2020.

(d) Provides that this temporary provision expires January 1, 2021.

SECTION 4. Requires that the 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.