

BILL ANALYSIS

Senate Research Center
79S30518 SMH-D

S.J.R. 7
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Finance
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, no specific school district property tax rate is specified in the Texas Constitution. The allowable increase in the appraised value of residence homesteads for purposes of ad valorem taxation is limited to 10 percent or greater. The current residence homestead exemption from ad valorem taxation for public school purposes is \$15,000.

As proposed, S.J.R. 7 establishes a maximum school district ad valorem tax rate not to exceed \$1.15 for each \$100 of taxable value of property for maintenance purposes, providing that an ad valorem tax imposed by a school district is not a state ad valorem tax; authorizes the legislature to set a limit of five percent or greater on increases in the appraised value of a residence homestead for purposes of ad valorem taxation by a school district; and increases the residence homestead exemption from ad valorem taxation for public school purposes from \$15,000 to \$22,500; and adjusts the limitation on ad valorem taxes imposed for those purposes on the homesteads of the elderly or disabled.

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 3, Article VII, Texas Constitution, by amending Subsections (d) and (e) and adding Subsections (f) and (g), as follows:

(d) Authorizes the legislature by general law to provide for the management and control of the public schools of such districts. Deletes existing text relating to the assessment and collection of taxes in all school districts. Redesignates text from Subsection (e) as Subsection (d).

(e) Authorizes the legislature to authorize an ad valorem tax, rather than an additional ad valorem tax, to be levied and collected within all school districts for the maintenance of public free schools at a rate not to exceed \$1.15 for each \$100 of taxable value of property in the district, and to authorize an additional ad valorem tax for the erection and equipment of school buildings. Prohibits a school district from levying or collecting a tax under this subsection unless the tax is approved by a majority of the qualified voters of the district voting at an election to be held for that purpose. Provides that a tax levied and collected by a school district under this subsection is not a state ad valorem tax within the meaning of Section 1-e (Abolition of Ad Valorem Property Taxes), Article VIII, of the Constitution. Deletes existing text relating to the composition of such school districts. Makes a nonsubstantive change.

(f) Authorizes the legislature to pass laws for the creation of junior college districts, the management and control of those districts, and the imposition of ad valorem taxes in those districts. Prohibits a junior college district from imposing a tax under this subsection unless the tax has been approved by a majority of the qualified voters of the district voting at an election held for that purpose. Provides that a junior college district is not a school district for purposes of this section.

(g) Provides that the approval of an ad valorem tax by the votes of a junior college district under this section before January 1, 2007, is not affected by the amendment of this section approved by the voters at an election held November 7, 2006, and authorizes the junior college district to continue to impose the tax in 2007 and subsequent years without holding a new election to authorize the tax. Provides that this subsection expires January 1, 2008.

SECTION 2. Amends Section 1(i), Article VIII, Texas Constitution, to authorize the legislature, notwithstanding Subsections (a) and (b) of this section, by general law to limit the maximum average annual percentage increase in the appraised value of residence homesteads for purposes of ad valorem taxation by a school district other than a junior college district, rather than ad valorem tax purposes, to five percent, or a greater percentage, and for purposes of ad valorem taxation by other political subdivisions to 10 percent, or a greater percentage, for each year since the most recent tax appraisal. Sets forth provisions relating to the effective date and expiration date of a limitation on appraisal increases authorized by the subsection.

SECTION 3. Amends Sections 1-b(c) and (d), Article VIII, Texas Constitution, as follows:

(c) Provides that the amount of \$22,500, 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. Makes a nonsubstantive change.

(d) Requires the legislature, for a residence homestead subject to the limitation provided by this subsection in 2006, rather than 1996, tax year or an earlier tax year, to reduce the amount of the limitation for the 2007, rather than 1997, tax year and subsequent tax years in an amount equal to \$7,500, rather than \$10,000, multiplied by the 2007, rather than 1997, tax rate for general elementary and secondary public school purposes applicable to the residence homestead.

SECTION 4. Adds the following temporary provision to the Texas Constitution:

(a) TEMPORARY PROVISION. Provides that this temporary provision applies to the constitutional amendment proposed by the 79th Legislature, 3rd Called Session, 2006, establishing a maximum school district ad valorem tax rate for maintenance purposes, providing that an ad valorem tax imposed by a school district is not a state ad valorem tax, authorizing the legislature to set a lower limit on increases in the appraised value of a residence homestead for purposes of ad valorem taxation by a school district, and increasing the residence, homestead exemption from ad valorem taxation for public school purposes and corresponding adjusting the limitation on ad valorem taxes imposed for those purposes on the homesteads of the elderly or disabled and expires January 1, 2008.

(b) Provides that the amendments to Section 3, Article VII, and Sections 1(i) and 1-b(c) and (d), Article VIII, of this constitution take effect January 1, 2007, and apply only to a tax year beginning on or after that date.

SECTION 5. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 7, 2006. Requires the ballot to be printed to permit voting for or against the proposition. Set forth the specific language for the proposition.