

## **BILL ANALYSIS**

Senate Research Center  
84R1939 SMH-D

S.J.R. 20  
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Finance  
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As Filed

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

Local taxing entities, such as cities and counties, are authorized to offer a homestead exemption of up to 20 percent, with a minimum exemption of \$5,000. Such taxing entities may only offer a percentage reduction, not a flat dollar amount, which has discouraged some entities from providing any homestead exemption.

This proposed constitutional amendment would allow cities, counties, and other jurisdictions to offer a flat homestead exemption of at least \$5,000 in addition to the current percentage option of up to 20 percent.

The objective is to give local jurisdictions the authority to pick the method that works best for their community while also ensuring that homeowners will receive some local property tax reduction. Jurisdictions may opt out of the homestead exemption by a vote of the governing body.

However, some homeowners may see a decrease in their exemption if a jurisdiction moves from a percentage to a flat amount exemption. To address this possible consequence, those homeowners would be allowed to receive a flat amount exemption that is based upon their percentage exemption at the time of the governing body vote. This amount would remain until the house is sold or the individual rescinds that choice.

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 may elect to rescind entitlement to the exemption under Subsection (n) of this section and to continue to receive an exemption under Subsection (e) if the individual otherwise qualifies for the exemption under Subsection (e). Provides that the election 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. Provides that an individual who makes an election under this subsection may rescind the election and reinstate entitlement to the exemption under Subsection (n) of this section. Provides that an individual who rescinds an election under this subsection may not elect to reinstate entitlement to the exemption under Subsection (e) of this section after the rescission.

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.