

BILL ANALYSIS

Senate Research Center

S.J.R. 36
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.J.R. 36 gives the legislature the authority to: grant up to a \$50,000 property tax exemption for tangible personal property held by a business for the production of income. S.B. 763 is the enabling legislation that allows businesses with business personal property to qualify for a property tax exemption on that property worth \$50,000 or less.

S.B. 763 does this by allowing any business with \$50,000 or less in business personal property to file a simplified rendition form and qualify for a tax exemption for the property. For firms that have \$50,000 or more in business personal property, they will still have to file a detailed rendition, but they also qualify for a tax exemption for the first \$50,000 in value.

Small businesses form an important part of our state economy and they need relief from the fiscal and administrative burden of paying property taxes of their business personal property. Dealing with business personal property renditions is time consuming for taxpayers and appraisal districts. Appraisal districts lack the resources to check on down small taxpayers and it is an administrative headache for small businesses to render their property.

S.J.R. 36 and S.B. 763 are meant to reduce this burden on small businesses. By reducing the paperwork they have to file and allowing them to save on their property taxes it will allow them to spend their time and money growing their businesses. Even appraisal districts and tax assessors will benefit from being able to put resources to more productive tasks.

S.J.R. 36 proposes a constitutional amendment to authorize the legislature to exempt from ad valorem taxation income-producing tangible personal property valued at less than \$50,000.

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(g), Article VIII, Texas Constitution, as follows:

(g) Authorizes the legislature to exempt from ad valorem taxation tangible personal property that is held or used for the production of income and has a taxable value of less than \$50,000, rather than less than the minimum amount sufficient to recover the costs of the administration of the taxes on the property, as determined by or under the general law granting the exemption.

SECTION 2. 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 84th Legislature, Regular Session, 2015, authorizing the legislature to exempt from ad valorem taxation income-producing tangible personal property valued at less than \$50,000.

(b) Makes application of Section 1(g), Article VIII, Texas Constitution, as amended by this Act, prospective to 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.