

BILL ANALYSIS

Senate Research Center
85R3239 CJC-D

S.J.R. 42
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Finance
4/19/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the current Tax Code, land that is leased to certain schools remains subject to property tax even if the land is used for educational or school-related purposes.

S.J.R. 42 is the companion constitutional amendment to S.B. 1030, which amends Chapter 11, Tax Code, by adding the newly created Section 11.211 (Real Property Leased to Certain Schools) to include a property tax exemption for real property leased to certain schools that is used exclusively by the school for educational functions and is necessary for the operation of the school.

S.J.R. 42 amends Section 2(1), Article VIII, Texas Constitution, which constitutionally allows for a property tax exemption of real property leased for use as a school, as defined by the Tax Code, or any successor statute, for educational purposes.

Under the temporary provision section of S.J.R. 42, if approved by the legislature and the voters during a constitutional amendment election, the effective date of S.J.R. 42 begins with the tax year beginning January 1, 2018.

S.J.R. 42 proposes a constitutional amendment authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions.

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 2(a), Article VIII, Texas Constitution, to require that all occupation taxes be equal and uniform upon the same class of subjects within the limits of the authority levying the tax, but authorizes the legislature, by general laws, to exempt from taxation any real property that is leased to a person for use as a school that operates under a charter granted by the State Board of Education, the commissioner of education, or any other state agency or officer and that is qualified as provided by Section 11.21 (Schools), Tax Code, or a successor statute.

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 85th Legislature, Regular Session, 2017, authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions.

(b) Provides that the amendment to Section 2(a) (relating to occupation taxes and tax exemptions), Article VIII (Taxation and Revenue), of this constitution takes effect beginning with the tax year that begins January 1, 2018.

(c) Provides that this temporary provision expires January 1, 2019.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 7, 2017. Sets forth the required language of the ballot.