

Condensed Analyses of Proposed Constitutional Amendments

87th Texas Legislature, 2nd and 3rd Called Sessions
May 7, 2022, Election



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Published by the Texas Legislative Council
April 2022



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Speaker Dade Phelan, Joint Chair
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Proposition 1 (S.J.R. 2, 87th Leg., 2nd C.S.)

The constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead.

Summary Analysis

Section 1-b(d), Article VIII, Texas Constitution, provides for a limitation, or freeze, on the total amount of ad valorem taxes that a school district may impose on the residence homestead of a person who is 65 years of age or older or who is disabled and on the homestead of the person's surviving spouse if the spouse is 55 years of age or older at the time of the person's death. This limitation prohibits increases in school taxes for these homeowners other than increases for substantial new improvements. Section 1-b(d-1) of that article, adopted in 2007, authorized the legislature to provide for the reduction of the amount of a limitation provided by Section 1-b(d) and applicable to a residence homestead for the 2007 tax year and subsequent tax years to reflect any reduction in the school district's tax rate for the 2006 and 2007 tax years. Because their taxes had been frozen in a previous year, many of these homeowners would not otherwise have seen a tax reduction when school district tax rates were reduced in 2006 and again in 2007 as a result of an increase in state funding levels. The constitutional amendment proposed by S.J.R. 2, 87th Legislature, 2nd Called Session, 2021, adds Section 1-b(d-2) to authorize the legislature to provide for a similar reduction of the amount of a limitation provided by Section 1-b(d) and applicable to a residence homestead for a tax year to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed by the school district on the homestead. As in 2006 and 2007, the legislature has provided funding for school district tax rates to be reduced in tax years from 2019 to 2022.

Summary of Comments

The following comments supporting or opposing the proposed amendment reflect positions that were presented in committee proceedings, during house or senate floor debate, or in the analysis of the resolution prepared by the House Research Organization (HRO) when the resolution was considered by the House of Representatives.

Comments by Supporters

- Legislation passed by the 86th Legislature in 2019 provided for compression of school district property tax rates beginning in that year, which lowered the tax burden for most homeowners and other property owners. However, because homeowners who are elderly or disabled have their school district property taxes frozen, they did not all benefit from that tax rate compression, which some consider to have been an oversight. The proposed amendment will correct that apparent oversight by ensuring that all elderly and disabled homeowners receive school tax relief as a result of school district tax rate reductions in 2019 and subsequent years at the same time that other homeowners and other property owners receive relief from school taxes as a result of those tax rate reductions.
- The state has a history of reducing school district property tax freezes for elderly and disabled homeowners as school district tax rates are reduced, thereby ensuring that they benefit at the same time that school taxes of other property owners are reduced. A similar measure in 2007 was approved by an overwhelming majority of voters.

- The total amount of state and local funding provided to school districts will not be affected by the tax savings to elderly and disabled homeowners.
- The proposed amendment has broad bipartisan support.

Comments by Opponents

- No opposition to the proposed constitutional amendment was expressed during legislative consideration of the proposal.

Proposition 2 (S.J.R. 2, 87th Leg., 3rd C.S.)

The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$25,000 to \$40,000.

Summary Analysis

S.J.R. 2, 87th Legislature, 3rd Called Session, 2021, proposes an amendment to Section 1b(c), Article VIII, Texas Constitution, to increase the portion of the market value of a residence homestead that is exempt from ad valorem taxes for public school purposes from \$25,000 to \$40,000. The proposed amendment takes effect January 1, 2022, and applies to an ad valorem tax year that begins on or after that date.

Summary of Comments

The following comments supporting or opposing the proposed amendment reflect positions that were presented in committee proceedings, during house or senate floor debate, or in the analysis of the resolution prepared by the House Research Organization (HRO) when the resolution was considered by the House of Representatives.

Comments by Supporters

- Because of the economic impact of the COVID-19 pandemic, there was a general consensus among lawmakers supporting some form of relief from property taxes. The school property tax relief in S.J.R. 2 provides that relief by a method generally acceptable to members of both political parties.
- Since school districts are to be held harmless for the local tax reductions resulting from the increase in the homestead exemption through an increase in state funding, S.J.R. 2 will not reduce public education funding. The proposal instead increases the state's share of education funding.
- Property tax relief provided through an increased homestead exemption will be proportionally more helpful to middle-income taxpayers than some alternative methods.
- S.J.R. 2 offers permanent tax relief, unlike some of the alternatives considered, such as a one-time payment to homeowners funded by federal relief money.
- The increased exemption is expected to reduce property taxes for the average homeowner by about \$176 a year.

Comments by Opponents

- No opposition to the proposed constitutional amendment was expressed during legislative consideration of the proposal.