

Ballot Order for the November 7, 2023 Texas Constitutional Amendment Election

In 2023, the State of Texas experienced a budget *surplus* equal to approximately \$32.7 billion.¹ The Texas Legislature met in regular session earlier in the year and ultimately passed 774 bills during the regular session², some of which would directly impact this budget surplus. Just over a dozen of those bills (14 actually) require state-wide voter approval and actual amendments to the Texas Constitution. Accordingly, those 14 propositions are among the items on the upcoming November 7, 2023 election ballot. Interestingly, of the \$32.7B surplus, the constitutional ballot measures (if passed) will equal expenditures of approximately \$14.6 billion (or just under half of the available surplus experienced during the 2022-2023 budget cycle). Below are some additional details about the ballot measures along with a listing of the propositions. Feel free to take this to the polls with you (*you are allowed to have a ballot reference guide and related information with you at the polls*).

Many of the proposed amendments would create or alter funds to support: Higher education research; Water infrastructure; Gas-fueled power plants; Broadband infrastructure; and Maintenance and creation of state parks. Others would address taxes by: Raising the homestead exemption on school taxes for homeowners from \$40,000 to \$100,000; Creating some tax exemptions for medical equipment and child-care facilities; and Banning lawmakers from imposing “wealth taxes” without voter approval. Other amendments would affect certain professions by: Granting retired teachers cost-of-living raises; Raising the mandatory retirement age for state judges; and Protecting generally accepted farming and ranching practices from state and local regulation. Finally, two would impact Galveston and El Paso counties specifically, allowing Galveston County to eliminate the position of county treasurer and allowing El Paso County to use bonds for parks and recreation development.

The propositions are as follows:

Proposition 1 – HJR 126 "The constitutional amendment protecting the right to engage in farming, ranching, timber production, horticulture, and wildlife management."

This amendment would require state and local governments to provide evidence that local regulations on farming and reaching land are needed to protect the public from danger. For example, it would prevent a city from banning farming in an area for no specific reason, but it would allow for a government to require ranchers to put up fences for their livestock, and it would still allow state or local government efforts needed to preserve or conserve natural resources, such as water, fish, wildlife and trees.

Proposition 2 – SJR 64 "The constitutional amendment authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility."

¹ As COVID-19 pandemic restrictions ended, Texas saw soaring economic growth which boosted the State’s revenues once consumers picked back up on their spending habits. Major spikes in energy prices and the highest rate of general price inflation in 40 years also helped the State’s tax collections surpass what was expected when lawmakers last met (in 2021) to approve the 2022-2023 budget. At the time, the budget projected almost \$119B in revenues but actual revenues during the two-year time period exceeded \$149B; hence the surplus. Many of the proposed Texas Constitutional amendments on the Nov. 7 ballot allocate (or at least impact) some portion of the \$32.7B surplus.

² As of October 2023, the Legislature was meeting for its third *special* session to address a very small number of select bills which had been deemed priority by the Governor, thereby requiring the Legislature to finalize pending bills related to those few select items.

This amendment would allow cities and counties to exempt child care providers from property taxes for any facilities used to run a child care business. The value of the exemption would have to be at least 50 percent of the property's appraised value.

Proposition 3 – HJR 132 "The constitutional amendment prohibiting the imposition of an individual wealth or net worth tax, including a tax on the difference between the assets and liabilities of an individual or family."

Several states have proposed so-called "wealth taxes" in recent months, referring to a tax on a person based on the market value of assets they own, which can include real property and retirement accounts, minus their debts or liabilities, such as bankruptcies. Texas has not introduced this and does not have a similar tax. This amendment would force lawmakers to ask voters for authorization before they could impose any new state taxes on residents that would be based on net worth or wealth.

Proposition 4 – HJR 2 from the second special session "The constitutional amendment to authorize the legislature to establish a temporary limit on the maximum appraised value of real property other than a residence homestead for ad valorem tax purposes; to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads from \$40,000 to \$100,000; to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts; to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and to authorize the legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts."

This proposition was part of a much larger tax reform that includes sending \$7.1B of the State's surplus to school districts so they can lower their property tax rates. The amendment would raise the State's school district homestead exemption—or the portion of a home's value that cannot be taxed to pay for public schools—from \$40,000 to \$100,000.

The amendment would also prohibits any appraisal district from raising the taxable value of certain commercial, mineral, and residential properties that do not receive a homestead exemption and are worth less than \$5 million to no more than a 20% increase each year for the next 3 years (the limit would expire in 2026 unless lawmakers and voters decide to extend it).

The amendment would also expand the list of small businesses that do not have to pay the State's annual franchise tax and, perhaps more importantly, it would allow voters to elect 3 members to their local appraisal district's board of directors (they are currently appointed positions).

Proposition 5 – HJR 3 "The constitutional amendment relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy."

The amendment would rename the National Research University Fund to the Texas University Fund, with additional funding and an annual amount adjusted for inflation to support research at State universities other than Texas A&M and University of Texas (who already receive a significant portion of State research funding).

Proposition 6 – SJR 75 "The constitutional amendment creating the Texas water fund to assist in financing water projects in this state." (\$1 billion)

This amendment would create a new special fund in the State treasury endowed with a \$1 billion down payment. The fund would be administered by the Texas Water Development Board to support a wide range of projects including fixing Texas' aging, deteriorating water lines, acquiring more water sources, and mitigating water loss.

A portion of the fund would have to be used for water infrastructure projects in rural areas as well as for water conservation strategies and water loss projects. At least 25% of the fund would be used for projects to increase the State's water supply through, for example, marine desalination and treating "produced water" which comes from the ground during the oil fracking process.

Proposition 7 – SJR 93 "The constitutional amendment providing for the creation of the Texas energy fund to support the construction, maintenance, modernization, and operation of electric generating facilities."

This amendment would create a \$5B State fund to distribute grants and loans (at 3% interest) to companies with the aim of building new or upgraded gas-fueled power plants on the State's main electric grid, and would authorize payment of a bonus for getting new plants connected by June 2029.

Proposition 8 – HJR 125 "The constitutional amendment creating the broadband infrastructure fund to expand high-speed broadband access and assist in the financing of connectivity projects."

This amendment would allocate \$1.5B to help pay for expanded broadband and telecommunications services as well as 911 services across Texas (particularly in areas where an estimated 7 million people currently have no access). The fund would also provide matching funds with federal money from the national Broadband Equity, Access and Deployment Program.

Proposition 9 – HJR 2, regular session "The constitutional amendment authorizing the 88th Legislature to provide a cost-of-living adjustment to certain annuitants of the Teacher Retirement System of Texas."

This amendment would provide certain retired Texas teachers with cost-of-living raises on their monthly State pension checks (which for some would be the first raise in almost 20 years). It requires voter approval in order to move \$3.3B from the State's 'general revenue fund' to the retired teachers fund.

Proposition 10 – SJR 87 "The constitutional amendment to authorize the legislature to exempt from ad valorem taxation equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain."

School districts, cities and counties are currently allowed to collect property taxes on the value of equipment and inventory held by the manufacturers of medical or biomedical products (such as pharmaceuticals, personal protective equipment stocks, and medical

devices). This amendment would exempt those values from a manufacturing facility's overall property values, leading to a potential decrease in their taxes with the goal of encouraging more medical manufacturing to locate in Texas.

Proposition 11 – SJR 32 "The constitutional amendment authorizing the legislature to permit conservation and reclamation districts in El Paso County to issue bonds supported by ad valorem taxes to fund the development and maintenance of parks and recreational facilities."

This amendment would add El Paso County to the list of 11 counties in the State where water districts are allowed to issue bonds supported by property taxes to fund recreational development and improvements.³

Proposition 12 – HJR 134 "The constitutional amendment providing for the abolition of the office of county treasurer in Galveston County."

This amendment would abolish Galveston County's Office of the County Treasurer, an office that exists in other counties and which oversees Galveston County's investments, deposit and withdrawals records, and the safety of county funds (the Galveston County Commissioner's Court would be allowed to employ or contract an existing county official or other qualified person to complete tasks previously under the office—the current County Treasurer actually proposed for this measure).

Proposition 13 – HJR 107 "The constitutional amendment to increase the mandatory age of retirement for state justices and judges." (from 75 to 79)

This amendment would allow state judges to extend their careers to a retirement age of 79, instead of the current mandatory retirement age of 75.

Proposition 14 – SJR 74 "The constitutional amendment providing for the creation of the centennial parks conservation fund to be used for the creation and improvement of state parks."

Texas ranks 35th in the nation for state park acreage per capita, and this amendment would fund \$1B to buy more land for the state parks system (in celebration of its 100th anniversary this year).

³ Including Bastrop, Bexar, Brazoria, [El Paso], Fort Bend, Galveston, Harris, Montgomery, Travis, Waller, and Williamson County.

*This ballot order summary is provided for informational purposes only. It does not, is not intended to, and should not be construed as legal advice or advocacy for or against any particular proposition(s). Additional information may be obtained at: <https://www.sos.state.tx.us/elections> or through each respective County voter registrar: <https://www.sos.state.tx.us/elections/voter/links.shtml#County>.