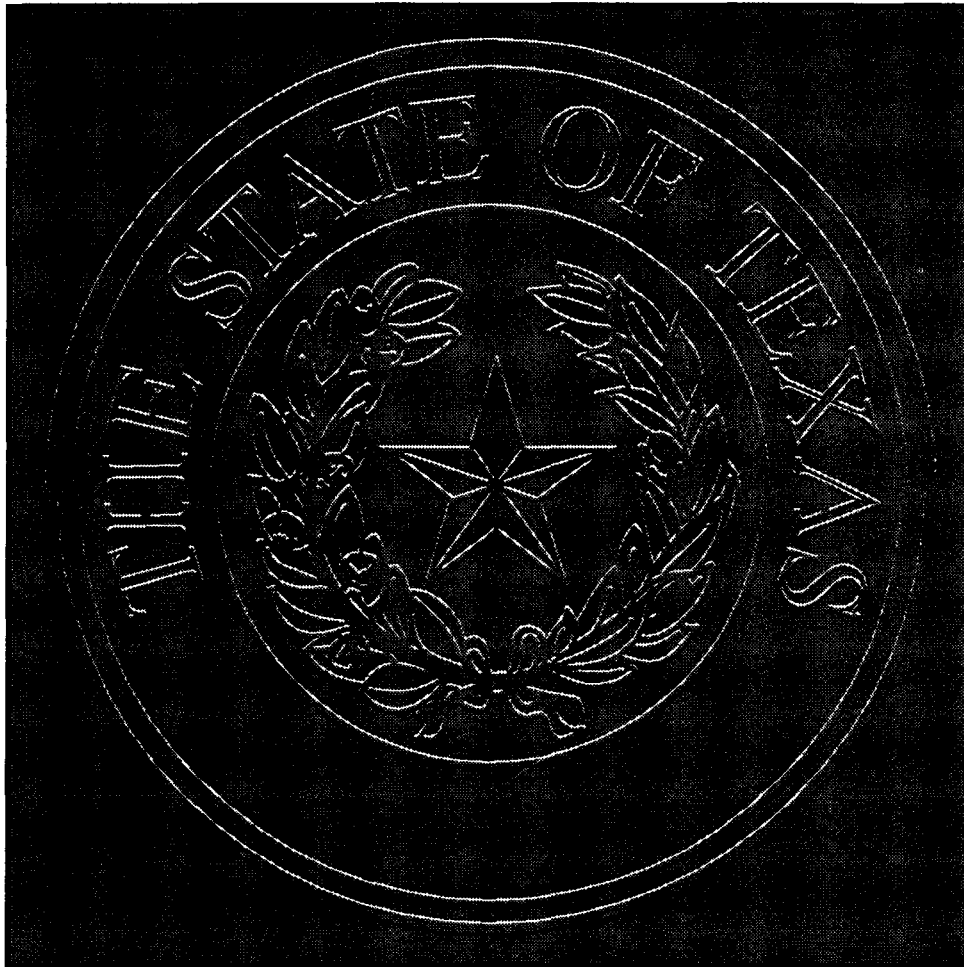


Analyses of Proposed Constitutional Amendments

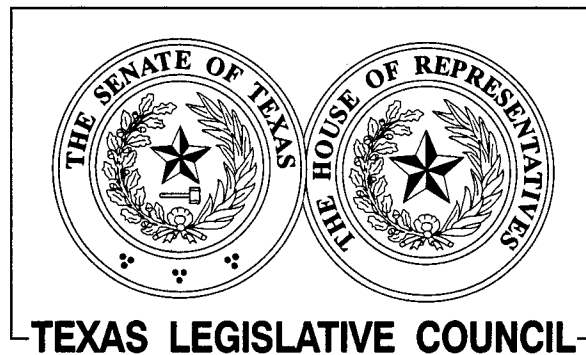
November 7, 1995, Election



Texas Legislative Council
September 1995

Analyses of Proposed Constitutional Amendments

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Prepared by the Staff
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Introduction

General Information

In the 1995 regular session, the 74th Texas Legislature passed 14 joint resolutions proposing constitutional amendments. These proposed amendments will be offered for ratification on the November 7, 1995, election ballot.

The Texas Constitution provides that the legislature, by a two-thirds vote of all members of each house, may propose amendments revising the constitution and that proposed amendments must then be submitted for approval to the qualified voters of the state. A proposed amendment becomes a part of the constitution if a majority of the votes cast in an election on the proposition are cast in its favor. An amendment approved by voters is effective on the date of the official canvass of returns showing adoption. The date of canvass, by law, is not earlier than the 15th or later than the 30th day after election day. An amendment may provide for a later effective date.

Since adoption in 1876 and through October 1995, the state's constitution has been amended 353 times, from a total of 521 amendments submitted to the voters for their approval. The 14 amendments on the November 7, 1995, election ballot bring the total number of amendments submitted to 535. The following table lists the years in which constitutional amendments have been proposed by the Texas Legislature, the number of amendments proposed, and the number of those adopted. The year of the vote is not reflected in the table.

Table 1876 Constitution Amendments Proposed and Adopted					
year proposed	number proposed	number adopted	year proposed	number proposed	number adopted
1879	1	1	1943	3**	3
1881	2	0	1945	8	7
1883	5	5	1947	9	9
1887	6	0	1949	10	2
1889	2	2	1951	7	3
1891	5	5	1953	11	11
1893	2	2	1955	9	9
1895	2	1	1957	12	10
1897	5	1	1959	4	4
1899	1	0	1961	14	10
1901	1	1	1963	7	4
1903	3	3	1965	27	20
1905	3	2	1967	20	13
1907	9	1	1969	16	9
1909	4	4	1971	18	12
1911	5	4	1973	9	6
1913	8*	0	1975	12‡	3
1915	7	0	1977	15	11
1917	3	3	1978	1	1
1919	13	3	1979	12	9
1921	5**	1	1981	10	8
1923	2†	1	1982	3	3
1925	4	4	1983	19	16
1927	8**	4	1985	17**	17
1929	7**	5	1986	1	1
1931	9	9	1987	28**	20
1933	12	4	1989	21**	19
1935	13	10	1990	1	1
1937	7	6	1991	15	12
1939	4	3	1993	19**	14
1941	5	1	1995	14	

Total Proposed 535 — Total Adopted 353

Notes

- * Eight resolutions were approved by the legislature, but only six were actually submitted on the ballot; one proposal that included two amendments was not submitted to the voters.
- ** Total reflects two amendments that were included in one joint resolution.
- † Two resolutions were approved by the legislature, but only one was actually submitted on the ballot.
- ‡ Total reflects eight amendments that would have provided for an entire new Texas Constitution and that were included in one joint resolution.

Wording of Ballot Propositions

The ballot wording of a proposal to amend the state constitution is prescribed in the joint resolution adopted by the legislature that authorizes the submission of the proposed amendment to the voters for ratification. The wording of the ballot propositions offered at the November 7, 1995, election is provided below.

Amendment No. 1

The constitutional amendment providing for the issuance of \$300 million in general obligation bonds to finance educational loans to students.

Amendment No. 2

The constitutional amendment to authorize the legislature to exempt from ad valorem taxation property of an organization chartered by the Congress of the Republic of Texas that is used primarily for the charitable, benevolent, or public service activities of the organization.

Amendment No. 3

The constitutional amendment allowing the use of existing bond authority of the farm and ranch finance program to include financial assistance for the expansion, development, and diversification of production, processing, marketing, and export of Texas agricultural products.

Amendment No. 4

The constitutional amendment permitting an encumbrance to be fixed on homestead property for an owelty of partition, including a debt of a spouse resulting from a division or award of a homestead in a divorce proceeding, and for the refinance of a lien against a homestead, including a federal tax lien resulting from the tax debt of the owner.

Amendment No. 5

The constitutional amendment to increase by \$500 million the amount of general obligation bonds that may be issued to augment the veterans' housing assistance fund II.

Amendment No. 6

The constitutional amendment exempting from ad valorem taxation the residence homestead of the surviving spouse of an elderly person.

Amendment No. 7

The constitutional amendment reducing the amount of general obligation bonds authorized for undertakings related to the superconducting super collider research facility from \$500 million to \$250 million.

Amendment No. 8

The constitutional amendment providing for the abolition of the office of constable in Mills, Reagan, and Roberts counties.

Amendment No. 9

The constitutional amendment allowing investment of money from the Texas growth fund in a business without the business's disclosure of its investments in or with South Africa or Namibia.

Amendment No. 10

The constitutional amendment abolishing the office of state treasurer.

Amendment No. 11

The constitutional amendment to allow open-space land used for wildlife management to qualify for tax appraisal in the same manner as open-space agricultural land, subject to eligibility limitations provided by the legislature.

Amendment No. 12

The constitutional amendment authorizing the legislature to exempt from ad valorem taxation personal property and mineral interests having a value insufficient to recover the administrative costs of collecting the taxes.

Amendment No. 13

The constitutional amendment authorizing the governing body of a political subdivision to exempt from ad valorem taxation boats and other equipment used primarily in the commercial taking or production of fish, shrimp, shellfish, and other marine life.

Amendment No. 14

The constitutional amendment relating to raising the limits of the exemption from ad valorem taxation of property owned by disabled veterans or by the surviving spouses or surviving minor children of disabled veterans.

**Analyses
of
Proposed Amendments**

Amendment No. 1

House Joint Resolution 50, proposing a constitutional amendment providing for the issuance of general obligation bonds not to exceed \$300 million by the Texas Higher Education Coordinating Board to continue programs to provide educational loans to students, with repayments of student loans applied toward retirement of the bonds. (HOUSE AUTHOR: Christine Hernandez; SENATE SPONSOR: Gonzalo Barrientos)

The proposed amendment adds Section 50b-4 to Article III of the Texas Constitution and permits the legislature to authorize the Texas Higher Education Coordinating Board to issue general obligation bonds of the State of Texas in an amount not to exceed \$300 million. Under a related statutory provision, the coordinating board may not issue more than \$100 million of the authorized \$300 million of bonds in a single fiscal year. The proceeds of the bonds will be used to provide educational loans to students.

Background

In 1965, voters adopted Section 50b, Article III, Texas Constitution, which authorized the coordinating board of the Texas College and University System to issue up to \$85 million in general obligation bonds to fund student loans. Proceeds from the sale of the bonds were to be deposited in the Texas Opportunity Plan Fund and used to make loans to Texas students attending public or private institutions of higher education in the state under the Hinson-Hazelwood College Student Loan Program.

Since the initiation of the student loan program in 1965, voters have approved three additional constitutional amendments authorizing the issuance of general obligation bonds: (1) \$200 million in 1969 (Section 50b-1, Article III, Texas Constitution); (2) \$75 million in 1989 (Section 50b-2, Article III, Texas Constitution); and (3) \$300 million in November 1991 (Section 50b-3, Article III, Texas Constitution). The approval of \$300 million in bonds in November 1991 followed the voters' earlier rejection of that amount in August 1991.

A constitutional authorization for \$300 million in additional bonds is necessary at this time to fund student loans for the 1996-1997 academic year and beyond. Without additional bonding authority, the Texas Higher Education Coordinating Board will be unable to meet anticipated loan requests.

The student loan program is designed to be self-supporting. Repayments of student loans under the program are applied toward retirement of the bonds. Program revenues, including loan repayments and investment earnings, should be sufficient to pay debt service on the bonds and operation of the program. Historically, the student loan program has never required financial support from the state's general revenue fund. There is no anticipation that program conditions will change in this respect. If, however, program revenues were unexpectedly insufficient, the state's general revenue would be used to meet the bonds' financial obligations.

Arguments

For:

1. College attendance, producing a well-educated, productive workforce, contributes to the growth of the state's economy. The state thus has a direct interest in promoting college attendance by ensuring that adequate student loans are available at the favorable interest rates accessible to the state.

2. The need for student loans is increasing because of tuition and fee increases designed to require a student to bear a greater percentage of the actual cost of a higher education. Authorizing additional bonds for student loans is a reasonable method of moderating the effect of these tuition and fee increases so that higher education remains accessible to all Texans.

Against:

1. Providing student loans is properly a function of the private financial sector. For the state to provide public loans in competition with the private sector at favorable interest rates available only to the state is inappropriate in the absence of a clear indication that the private sector is unable to meet loan demand.

2. Although the student loan program has historically been self-supporting, there is no guarantee that it will remain so. If general economic conditions worsen or other unanticipated shortages occur within the program, the state's general revenue may be required to meet the financial obligations of the bonds.

Amendment No. 2

Senate Joint Resolution 36, proposing a constitutional amendment to authorize the legislature to exempt from ad valorem taxation the real property of certain organizations chartered by the Congress of the Republic of Texas. (SENATE AUTHOR: John Montford; HOUSE SPONSOR: David Counts)

The proposed amendment of Section 2, Article VIII, Texas Constitution, authorizes the legislature to exempt the property of certain organizations from ad valorem taxation. To be eligible for the exemption, an organization must have been chartered by the Congress of the Republic of Texas and have been in continuous existence since the date it was chartered. To be exempt from taxation, the property must be used primarily for the charitable, benevolent, or public service activities of the organization. The proposed amendment authorizes the legislature to provide for the administration of the exemption and to provide additional qualifications and limitations for an exemption under this provision.

Background

Section 1, Article VIII, Texas Constitution, requires that ad valorem, or property, taxation extend to all tangible property in this state, including real property, in proportion to the value of the property. Section 2 of Article VIII provides that all property tax exemptions not specifically provided for in the Texas Constitution are void. The effect of these provisions is to prohibit any property tax exemption of real property unless the exemption is recognized in the state constitution. There is no existing constitutional recognition for a property tax exemption directed specifically at organizations chartered by the Congress of the Republic of Texas that perform charitable, benevolent, or public service activities. Section 2, Article VIII, Texas Constitution, does permit the legislature to grant property tax exemptions to "institutions of purely public charity," but this provision has been construed strictly and narrowly.

At various times the legislature by statute has attempted to grant property tax exemptions to certain classes of organizations, such as fraternal, Masonic, veterans', and social organizations; however, these exemptions have been held to be invalid because the state constitution does not or did not at the time authorize them. In Dickison v. Woodmen of the World Life Insurance Society, 280 S.W.2d 315 (Tex. Civ. App.—San Antonio 1955, writ ref'd), a court of civil appeals case approved by the Texas Supreme Court, Article 10.39, Insurance Code, was held to be inoperative to exempt fraternal benefit societies as a class from property taxes. On the same ground, the Texas Supreme Court held Section 22, Article 7150, Revised Statutes (now repealed), which exempted certain fraternal organizations from property taxes, to be unconstitutional. City of Amarillo v. Amarillo Lodge No. 731, A.F. & A.M., 488 S.W.2d 69 (Tex. 1972). Property tax relief for organizations that are not strictly "institutions of purely public charity" but that perform charitable, benevolent, or public service activities requires a constitutional amendment.

Senate Bill 1654, also passed by the 74th Legislature, Regular Session, 1995, and contingent on adoption of the constitutional amendment proposed by Senate Joint Resolution 36, incorporates a real property tax exemption for certain organizations into Section 11.23, Tax Code. Under Senate Bill 1654, the organization must have been chartered by the Congress of the Republic of Texas and have been in continuous existence since the date it was chartered; the organization must be organized to perform and must in fact perform charitable, benevolent, or public service activities; and the real property must be used primarily for the charitable,

benevolent, or public service activities of the organization and not for the primary purpose of producing a profit. While other organizations may qualify for the exemption, the bill analysis to Senate Bill 1654, issued by the House Ways and Means Committee, specifically refers to the Grand Lodge of Texas as having been chartered by the Congress of the Republic of Texas.

Arguments

For:

1. The existing property tax exemption for charitable organizations is too restrictive. An organization may not receive an exemption under that provision if it performs functions outside the narrow definition of charity, no matter how great the amount of charitable work the organization performs. This amendment will permit the legislature to grant exemptions to certain organizations that perform many worthwhile activities yet do not qualify as purely public charities.

2. The limited nature of the proposed tax exemption will prevent it from having a severe impact on property tax revenues or on other taxpayers. Only a small number of long-standing organizations are eligible to qualify for the exemption. In addition, because many of the buildings owned by these organizations are historic landmarks, exempting them from taxation will encourage their preservation.

3. The amendment authorizes the legislature to place limits on the exemption. The exemption is available only to an organization that performs charitable, benevolent, or public service activities, and it covers only property of the organization that is used primarily for those charitable, benevolent, or public service activities.

Against:

1. The current property tax exemption for charitable organizations is available to any organization that is dedicated to performing truly worthwhile and beneficial functions. The proposed constitutional amendment would authorize a real property tax exemption for a select few organizations that may perform only some of the required functions and could devote much or even most of their energies toward private activities that benefit only members of those organizations or some other select group.

2. The proposed tax exemption, like all such exemptions, merely shifts the tax burden onto other already pressed taxpayers, while an exempted organization will continue to receive its share of the benefits and services provided by local governments without paying its own way. In addition, under current law, bona fide historic structures are eligible for a local option exemption from taxation.

3. The proposed exemption is too broadly stated. It is not clear exactly which or how many organizations are eligible to qualify for the exemption or exactly what proportion of an organization's total activities must be of the types required under this provision.

Amendment No. 3

Senate Joint Resolution 51, proposing a constitutional amendment relating to the use of proceeds of bonds issued for financing of farm and ranch land. (SENATE AUTHOR: John Montford; HOUSE SPONSOR: L. P. "Pete" Patterson)

The proposed amendment to Section 49-f, Article III, Texas Constitution, replaces the Veterans Land Board with the Texas Agricultural Finance Authority as administrator of the farm and ranch finance program fund. The proposed amendment also allows \$200 million from the farm and ranch finance program fund to be deposited in the Texas agricultural fund and used for the purposes provided for that fund and for other rural economic development. Uses of money from the Texas agricultural fund include providing financial assistance to develop, increase, improve, or expand the production, processing, marketing, or export of crops or products grown or produced primarily in this state by agricultural businesses domiciled in this state.

Background

Section 49-f, Article III, Texas Constitution, adopted November 5, 1985, authorizes the legislature to issue general obligation bonds to provide money for the farm and ranch finance program fund. The Veterans Land Board uses the farm and ranch finance program fund for loans to eligible borrowers. Section 49-f provides that the maximum amount of outstanding bonds may not exceed \$500 million.

Section 49-i, Article III, Texas Constitution, adopted November 7, 1989, authorizes the legislature to issue general obligation bonds to provide money for the Texas agricultural fund and the rural microenterprise development fund. The Texas Agricultural Finance Authority uses the Texas agricultural fund for loans to eligible agricultural businesses. Similarly, the Agricultural Diversification Board uses the rural microenterprise development fund to provide financial assistance to small businesses located in rural areas. Section 49-i provides maximum amounts for outstanding bonds of \$25 million for the Texas agricultural fund and \$5 million for the rural microenterprise development fund. Section 49-i also prescribes the uses of the two funds, permits the establishment of accounts within the funds and the investment of bond proceeds and fund accounts, and states that bonds issued under the section are general obligations of the state.

Arguments

For:

1. Senate Joint Resolution 51 would provide increased efficiency to the state and convenience to borrowers because the administrative responsibilities for agriculture loans that are now the duty of the Veterans Land Board and the Texas Agricultural Finance Authority would be consolidated as the responsibility of the Texas Agricultural Finance Authority.

2. Senate Joint Resolution 51 would more effectively meet the financing needs of agricultural businesses by transferring money to the Texas agricultural fund, which may make loans for various purposes, from the farm and ranch finance program fund, which may make loans only for the purchase of farm and ranch land.

3. No increase in bonding authority would result from the adoption of Senate Joint Resolution 51. Existing bond proceeds would only be transferred from one fund to another.

Against:

1. Loans and loan guarantees made under the program authorized by Section 49-i, Article III, Texas Constitution, are often made to businesses that cannot obtain financing from traditional financial institutions. These businesses are often a greater risk to lenders, and the state should not make loans to businesses that pose a high risk of default.

2. Senate Joint Resolution 51 will allow for a transfer of \$200 million in bonding authority from the farm and ranch finance program fund to the Texas agricultural fund. This will make less money available for the purchase of farm and ranch land and represents a huge increase from the \$30 million currently available to the agricultural fund (\$25 million) and the microenterprise development fund (\$5 million). A moderate transfer of money from the farm and ranch finance program fund to the Texas agricultural fund and the rural microenterprise development fund might be justified; however, there is not sufficient evidence to justify making a major reduction in the bonds available for the farm and ranch finance program to provide a huge increase in the bonds available for the Texas agricultural fund.

3. There is no reason for the transfer of the administration of the farm and ranch finance program fund. The Veterans Land Board is adequately administering the farm and ranch finance program fund and has more experience in administering loan programs for the purchase of land.

Amendment No. 4

Senate Joint Resolution 46, proposing a constitutional amendment permitting an encumbrance to be fixed on homestead property for a debt resulting from an owelty of partition or the refinance of a lien against the homestead property. (SENATE AUTHOR: Chris Harris; HOUSE SPONSOR: John Cook)

The proposed constitutional amendment amends Section 50, Article XVI, Texas Constitution, by permitting the forced sale of a homestead to repay a debt secured by the homestead that is incurred when property is partitioned under an owelty of partition or incurred to refinance a lien against the homestead. The proposed amendment also permits an innocent purchaser or lender to conclusively rely on an affidavit executed by the seller or debtor that indicates that property to be conveyed or encumbered is not the affiant's homestead.

Background

Section 50, Article XVI, Texas Constitution, prohibits the forced sale of a debtor's homestead to repay a debt except in three specific situations: (1) a debt secured by the homestead incurred to obtain purchase money for the homestead; (2) a debt resulting from property taxes due on the homestead; or (3) a debt secured by the homestead incurred to improve the homestead. In addition, federal law permits the forced sale of a person's homestead if the person fails to pay taxes owed to the federal government.

An owelty of partition involves the payment of a sum of money, by agreement or court order, from one co-owner to another co-owner to equalize the value of interest assigned to each co-owner when property owned by the co-owners as an undivided interest is divided unequally between the co-owners. A lien against the property assigned to one co-owner may be created by the agreement or court order in favor of the co-owner entitled to payment to secure the payment. For example, in the past, property owners have partitioned their property in divorce proceedings or in separate agreements by transferring one co-owner's undivided interest in the homestead to the other co-owner and imposing a lien against the entire property as security for the payment owed under the owelty of partition. This practice facilitated the third-party financing of the partition of the homestead. The Texas Constitution prohibits the forced sale of an interest in a debtor's homestead except in the three specified situations identified above. Questions have been raised as to whether a debt to acquire one co-owner's undivided interest in a homestead that results from an owelty of partition may be secured by the entire homestead property.

A governmental entity of the state that imposes property taxes may obtain a lien and foreclose on the homestead of a person who fails to pay a tax debt resulting from the taxes owed on the homestead. The federal government may also obtain a lien and foreclose on the homestead of a person who fails to pay a federal tax debt. For example, a person may want to obtain financing to repay the tax debt to prevent foreclosure under the governmental entity's tax lien. The Texas Constitution prohibits the forced sale of an interest in a debtor's homestead except in the three specified situations identified above. Recent case law has indicated that pledging an interest in a debtor's homestead to obtain funds to repay the debtor's tax debt is not permitted under the Texas Constitution. See Crowder v. Benchmark Bank, 889 S.W.2d 525, 529 (Tex. App.—Dallas 1994, writ granted) (homestead may not be pledged to secure financing to pay a federal tax debt).

Arguments

For:

1. Current Texas homestead law is antiquated. The restrictions on pledging an interest in a debtor's homestead to obtain financing are the strictest in the nation. The 49 other states permit debtors to pledge their equity interest in their homesteads to obtain a broader range of financing. The proposed constitutional amendment would ease the current homestead restrictions only in two very limited circumstances to permit the financing of debts that are directly related to the debtor's homestead. Adequate protection of homesteads from forced sale would still be ensured.

2. The proposed constitutional amendment would establish a conclusive presumption that an innocent purchaser or lender could invoke to avoid litigation on the subject of the character of property conveyed or encumbered in a real estate transaction. Avoidance of litigation in these times of increasing litigiousness is highly desirable.

Against:

1. The prohibition against permitting the forced sale of a homestead except in the three situations specified in the Texas Constitution was intended to be strict to ensure that debtors and their families would not lose their homes except in very limited circumstances. The protection of homesteads from forced sale has served the state and homeowners well over the years, and the situations under which debtors and their families could lose their homes should be permitted only when absolutely necessary. The exceptions proposed by this constitutional amendment do not meet this test of absolute necessity.

2. The conclusive presumption established for innocent purchasers and lenders by the proposed constitutional amendment adds too much detail to a constitution that is already burdened with minutiae. If a conclusive presumption is necessary for purchasers and lenders, the presumption should be established by general law.

Amendment No. 5

House Joint Resolution 34, proposing a constitutional amendment to increase the amount of general obligation bonds authorized for veterans' housing assistance. (HOUSE AUTHOR: Doyle Willis; SENATE SPONSOR: J. E. "Buster" Brown, et al.)

The proposed amendment amends Article III, Texas Constitution, by adding Section 49-b-3 authorizing the Veterans' Land Board to issue \$500 million in general obligation bonds to finance low-interest home loans for Texas veterans. Existing guidelines governing housing bond sales would apply to the new bonds, and the bonds would be incontestable after execution by the Veterans' Land Board, approval by the attorney general, and delivery to the purchaser. The Veterans' Land Board would be able to enter into bond enhancement agreements regarding the bonds. The additional bond authority to issue the \$500 million in bonds would enable the Veterans' Housing Assistance Program to continue operating past 1996.

Background

The veterans' land fund was created in 1946 to provide eligible veterans with low-interest loans to buy land. In 1983, the Veterans' Housing Assistance Program was created to provide qualified Texas veterans with low-interest loans to buy homes. The program is funded by bonds authorized to be issued under Sections 49-b-1 and 49-b-2, Article III, Texas Constitution.

Since the inception of the Veterans' Housing Assistance Program, voters have authorized the sale of \$1.5 billion in general obligation bonds, and more than \$1.2 billion in bonds have been sold. Mortgage payments by borrowers are used to pay all of the board's bond debt and cover all administrative payments; no tax dollars are used to support the program.

Arguments

For:

1. The demand for veterans' housing loans has increased substantially since 1993, and the Veterans' Land Board possibly will run out of money to lend before the 75th Legislature convenes in 1997. The board needs authority to issue an additional \$500 million in general obligation bonds to continue making low-interest loans to veterans.
2. Veterans in Texas receive few state benefits for the sacrifices they have made in serving their country. These loans pose almost no financial risk to the state. Principal and interest payments on the loans to veterans are pledged to pay debt service on the bonds. The programs are self-supporting and have never used general revenue.
3. Veterans' Land Board programs help veterans and the state as a whole. The General Land Office reports that the Veterans' Land Board has loaned a total of \$2.4 billion since 1949, \$1.7 billion of that amount since 1983. Economists estimate that these loans have generated more than \$14 billion in economic activity for Texas.

Against:

1. The proposed amendment would authorize a large increase in state debt and a greater governmental intrusion into the capital markets. While expanding veterans' housing programs is a popular and worthy goal, Texas voters should be wary of authorizing additional state debt.

2. Texas veterans are already eligible for numerous other benefits, including federal Veterans Administration housing loans, college tuition assistance, and hiring preferences for federal and state civil service jobs. Regardless of need or income, veterans can obtain government-subsidized mortgages at interest rates lower than those available to other home buyers.

3. The last constitutional amendment to increase bond issuance for the land and housing programs was approved in 1993 and authorized \$750 million for both programs. The Veterans' Housing Assistance Program more than doubled the amount of loans it made from 1993 to 1994. If this substantial growth continues unchecked, the annual bond issuance could be more than \$1 billion by the turn of the century. The state should give careful consideration to increasing debt to help a special group that already receives numerous government benefits.

Amendment No. 6

House Joint Resolution 64, proposing a constitutional amendment to exempt from ad valorem taxation (property taxes) a portion of the value of the residence homestead of the surviving spouse of an elderly person who was receiving a homestead exemption when the person died. (HOUSE AUTHOR: Peggy Hamric; SENATE SPONSOR: Don Henderson)

The proposed amendment amends Section 1-b, Article VIII, Texas Constitution, by adding Subsection (f), which would allow a person 55 years old or older whose spouse dies while receiving a residence homestead exemption adopted by the political subdivision under Subsection (b) of Section 1-b for persons 65 years of age or older to continue receiving the same exemption so long as the person maintains the same residence. The exemption would apply only to property taxes on the residence homestead levied by the political subdivision that adopted the exemption that the deceased spouse was receiving. When the surviving spouse reaches 65 years of age, the surviving spouse could not receive both the exemption for persons who are at least 65 years of age and the exemption for a surviving spouse but could choose either exemption.

Background

Section 1-b, Article VIII, Texas Constitution, provides for a number of ad valorem tax exemptions of a portion of the market value of certain residence homesteads. Subsection (b) allows a municipality, county, school district, or other political subdivision to adopt property tax exemptions for the homesteads of persons who are at least 65 years of age or who are disabled. The exemption is local option, but if it is adopted, it must be not less than \$3,000 of the value of the homestead. An exemption, once granted, may be repealed or, subject to the minimum amount, may be reduced from year to year. The exemption is codified in Section 11.13, Tax Code, and administered by county appraisal districts under the statutory procedures set out in the Tax Code.

The proposed amendment would add a Subsection (f) to Section 1-b, Article VIII, to require a political subdivision that has adopted an exemption under Subsection (b) of that section for persons 65 years old and older to grant a homestead exemption to the surviving spouse of a person who dies while receiving the exemption under Subsection (b) if the surviving spouse is at least 55 years old on the date of the spouse's death. The surviving spouse's exemption would be in the same amount as that granted to the deceased spouse in the year of that person's death and would continue in that amount as long as the surviving spouse maintains the same homestead, even if the political subdivision repeals the exemption or reduces or increases the amount of the exemption for persons 65 years old or older for a later tax year. A surviving spouse who reaches 65 years of age would not be permitted to receive an exemption under both the new provision for surviving spouses and under Subsection (b) but would have to choose either exemption.

House Bill No. 1127, which becomes effective January 1, 1996, if the proposed constitutional amendment is adopted, codifies the proposed homestead exemption for surviving spouses by making appropriate changes to Section 11.13, Tax Code.

Arguments

For:

1. The spouse of a person over 65 years old who is not yet himself or herself 65 years old is very likely to suffer a serious financial hardship if the person's spouse dies. The deceased spouse's pension or other income may end or be substantially reduced for the surviving spouse, who may have been wholly or partially dependent on the older spouse. A widowed spouse over 55 years old may find it difficult to make up for the lost income and may be unable to maintain the person's homestead in light of the sudden tax increase accompanying the loss of the deceased spouse's homestead exemption. Providing a property tax exemption to persons nearing old age is a less expensive way to assist the person in maintaining a place to live than through other means.

2. Granting the proposed exemption would not harm taxing authorities or other property owners. The number of persons eligible for the exemption would be extremely small, and the financial impact of the exemption would last no more than 10 years, when the surviving spouse reaches 65 and is eligible for existing exemptions. The amendment would have no effect on school district taxes, usually the largest property tax imposed, because the surviving spouse is already entitled to continue receiving the deceased spouse's school tax freeze. There would be no sudden decline in tax revenue for other taxing authorities because the homestead of an eligible surviving spouse already receives the exemption for persons at least 65 years old before the death of the older spouse. For these reasons, the effect on other taxpayers would be virtually imperceptible.

Against:

1. The proposed exemption is unfair because it would grant an exemption to the narrow class of eligible surviving spouses between 55 and 65 years old but not to other persons of the same age who may otherwise be in the same or even worse financial circumstances. The age of a person's deceased spouse is far less relevant to whether the person deserves a tax exemption than many other factors, such as income or ability to earn income.

2. The exemption would simply shift the taxes saved by the surviving spouse onto other taxpayers. There are already too many property tax exemptions. Except for the most deserving persons, each property owner should pay a fair share of the costs of maintaining local governmental services. A surviving spouse who cannot afford the taxes on the person's home could simply sell the home and move to a less expensive one to reduce the person's tax burden.

Amendment No. 7

House Joint Resolution 73, proposing a constitutional amendment reducing the amount of general obligation bonds authorized for undertakings related to the superconducting super collider research facility from \$500 million to \$250 million. (HOUSE AUTHOR: Sylvia Romo; SENATE SPONSOR: Mike Moncrief)

The proposed amendment amends Section 49-g(a), Article III, Texas Constitution, by reducing from \$500 million to \$250 million the amount of general obligation bonds the legislature may authorize to be issued for the superconducting super collider research facility.

Background

In 1987, the 70th Legislature, Regular Session, passed House Joint Resolution 88, which proposed a constitutional amendment to allow the legislature to authorize a state agency to issue up to \$500 million in general obligation bonds for a special fund to be used to pay for activities associated with the superconducting super collider research facility (SSC). The SSC, a high-energy physics research facility to be built by the U.S. Department of Energy, would use superconducting magnets to race protons in opposite circles and cause them to collide at nearly the speed of light.

In 1987, the 70th Legislature, Regular Session, also enacted House Bill 1909, granting the Texas National Research Laboratory Commission, an agency created during the 69th Legislature to prepare a Texas site proposal for the SSC, authority to issue up to \$1 billion in bonds for the project. The agency was authorized to issue up to \$500 million in general obligation bonds, subject to voter approval of House Joint Resolution 88, and \$500 million in revenue bonds.

On June 24, 1993, in the face of financial needs felt to be more immediate in nature, a U.S. Congress House-Senate conference committee agreed to stop funding the SSC even though more than \$2 billion had already been invested in the project. When congress terminated the SSC, it ordered the Department of Energy to prepare an evaluation aimed at maximizing the value of the investment made in the project and minimizing the loss created by cancellation of the project.

In 1993, Governor Richards met with President Clinton and other U.S. administration officials to seek reimbursement for the state's investment in the SSC. Under contract with the U.S. government, Texas had pledged \$1 billion toward building the project and had invested several million dollars in cash, land, labor, materials, and buildings. In 1994, the Department of Energy reached an agreement with the State of Texas under which the department agreed to make a cash payment to the state and give to the state most of the remaining SSC assets.

Arguments

For:

1. Since congress has discontinued federal funding of the SSC, there is no reason to issue the remaining authorized bonds. Removing authority for the unissued bonds would reduce the state's total potential debt, which would be viewed favorably by rating agencies evaluating the state's debt structure. A more favorable evaluation of the state's debt structure could result in an improved bond rating for general obligation bonds, resulting in lower interest rates charged on future bond issues.

Against:

1. This amendment unnecessarily clutters the proposition ballot. There is no obligation and currently no reason to issue the remaining authorized bonds. There is a remote possibility, however, that the bonds may be needed and could be used in the future for purposes related to the SSC. In that event, leaving in place the authority for the bonds to be issued would dispense with the need for another constitutional amendment or debt proposition election to reauthorize the issuance of general obligation bonds.

Amendment No. 8

House Joint Resolution 80, proposing a constitutional amendment to abolish the office of constable in Mills, Reagan, and Roberts counties. (HOUSE AUTHOR: Layton Black; SENATE SPONSOR: Bill Sims)

The proposed amendment to Section 18, Article V, Texas Constitution, would provide for the abolition of the office of constable in Mills, Reagan, and Roberts counties. The functions of the office of constable in each county would be transferred to the respective county sheriffs.

The abolition of the constable's office in Mills County takes effect if the amendment is adopted at the statewide election. The abolition of the constable's office in Reagan County takes effect if the amendment is adopted at the statewide election and if at that election a majority of the votes cast in Reagan County approve the amendment. The abolition of the constable's office in Roberts County takes effect if the amendment is adopted at the statewide election and if at that election a majority of the votes cast in Roberts County approve the amendment.

Background

Section 18(a), Article V, Texas Constitution, provides for the division of each county into precincts for the purpose of electing constables and justices of the peace. A county with a population of less than 18,000, according to the most recent federal census, may consist of as few as one and as many as four precincts as determined by the commissioners court of the county. All three counties that are the subject of this amendment currently have a population of less than 18,000. Each precinct elects one constable. Constables are peace officers and serve a variety of duties as specified by statute, but primarily execute civil or criminal process in the county for justice courts.

Arguments

For:

1. By abolishing the office of constable and transferring the functions of the office to the county sheriff, more efficient management of the county law enforcement business will be accomplished and county revenue will be saved. Counties with small populations do not need and may not be able to afford both a sheriff and a constable to serve process and perform law enforcement duties.

Against:

1. Although county government may need streamlining and reorganization, the piecemeal approach taken by this proposed amendment is not the answer. This approach has led to, and will continue to lead to, a rash of attempted constitutional amendments as even more counties seek to carve out individual exceptions for themselves. In recent years, numerous amendments have been submitted to the voters for the elimination of various county offices in individual counties. A thorough statewide study should precede any further attempt to transfer duties of unneeded county offices.

Amendment No. 9

Senate Joint Resolution 7, proposing a constitutional amendment allowing investment of money from the Texas growth fund in a business without the business's disclosure of its investments in or with South Africa or Namibia. (SENATE AUTHOR: Rodney Ellis, et al.; HOUSE SPONSOR: Helen Giddings)

The proposed amendment would repeal Section 70(r), Article XVI, Texas Constitution, which provides that the board of trustees of the Texas growth fund may not invest money from the fund in a business unless the business has submitted to the board of trustees an affidavit disclosing whether the business has any direct financial investment in or with South Africa or Namibia.

Background

In 1988, the voters adopted a constitutional provision creating the Texas growth fund to provide a new source of capital for new businesses, small businesses, and other businesses that had traditionally found it difficult to raise capital. Money from the permanent university fund, permanent school fund, and state pension systems is pooled to constitute the Texas growth fund. A board of trustees invests the growth fund money in businesses in the state that meet the requirements established by the constitutional provision creating the fund. One of these requirements is that a business seeking an investment from the fund must disclose whether the business has any direct financial investment in or with South Africa or Namibia. The currently proposed constitutional amendment would abolish this disclosure requirement.

When the constitutional provision creating the Texas growth fund was proposed by the legislature and adopted by the voters, South Africa had a system of laws known as apartheid, which enforced separation and unequal treatment of persons of different races. The requirement that a business seeking growth fund money disclose its investments in South Africa and Namibia was intended to demonstrate the state's objection to apartheid. Namibia was included because at that time Namibia was under South Africa's control.

In 1990, Namibia became independent of South Africa. In 1994, South Africa adopted a new constitution and elected a new government, effectively abolishing apartheid and removing the rationale for the disclosure requirement.

The Texas statutes contained a number of provisions relating to investment in South Africa that were adopted for the same reason as the constitutional provision that the currently proposed amendment would repeal. The legislature has repealed all of those statutory provisions.

Arguments

For:

1. The disclosure requirement was adopted to object to South Africa's system of apartheid. Because that system no longer exists, the disclosure requirement has no purpose and should be repealed. Most other states that adopted similar provisions have already repealed those provisions.

2. Eliminating the disclosure requirement would save the state the cost of collecting, examining, and recording the disclosure affidavit.

Against:

[Research has disclosed no evidence that any argument has been presented against the proposed amendment, nor is an argument against the proposition apparent. At each vote before a committee or house of the legislature the proposed amendment was approved unanimously.]

Amendment No. 10

Senate Joint Resolution 1, proposing a constitutional amendment to abolish the constitutional office of state treasurer. (SENATE AUTHOR: Rodney Ellis; HOUSE SPONSORS: Bill Siebert, Mark Stiles)

The proposed amendment abolishes the constitutional office of state treasurer effective September 1, 1996, and transfers all the constitutional powers and duties of the state treasurer to the comptroller of public accounts effective on that date. The amendment amends various sections of the constitution to delete references to the state treasurer and, when appropriate, to replace those references with a reference to the comptroller. The amendment states that the statutory powers and duties and the property and other obligations of the state treasurer are transferred to officers and agencies of state government in the manner that the legislature provides by general law. The legislature has passed Senate Bill 20 as enabling legislation for Senate Joint Resolution 1. Senate Bill 20 provides, among other things, that if Senate Joint Resolution 1 is approved by the voters, all powers, duties, property, and other obligations of the treasurer are transferred to the comptroller.

Background

The state treasurer and the comptroller of public accounts have been constitutional officers of state government since 1845 and have been elected directly by the voters since 1850. They are each assigned duties directly by the constitution, but the majority of their duties are assigned by general statutory law.

Most duties of both the treasurer and the comptroller are directly related to state government finances. These duties require both the treasurer's office and the comptroller's office to keep detailed and current information about the condition of the state's finances.

In general, the treasurer's main financial duties include receiving money paid into the state treasury, overseeing the deposit of state money into financial institutions that have been selected to be state depositories, investing state money that is not on deposit in state depositories, and paying money out of the state treasury. The comptroller is involved in the first and fourth of these duties, and the State Depository Board is involved in the second of these duties. The comptroller and the treasurer are required by law to coordinate in developing rules and procedures governing the treasurer's receipt and deposit of money and securities that are paid into the state treasury. The State Depository Board adopts and enforces rules regarding state depositories, determines which financial institutions are selected to be state depositories, and determines the amount of state funds that will be on deposit in state depositories. The treasurer, comptroller, banking commissioner, and one citizen appointed by the governor comprise the State Depository Board. State law details the kinds of investments the treasurer is authorized to make with state money that is not on deposit in a state depository. The treasurer may not pay money out of the treasury except on the warrant of the comptroller, which the treasurer countersigns.

In general, the comptroller supervises and manages the state's fiscal concerns as the sole accounting officer of the state. The comptroller keeps and settles the state's accounts, audits claims against the state, and either draws warrants on the treasury or provides for the transfer of money out of the treasury into a payee's account through electronic funds transfer. As noted, the treasurer may not pay money out of the state treasury except on the warrant of the comptroller. The comptroller directs and supervises the collection of money that is owed to

the state, and the comptroller is the collector of state taxes unless specifically provided otherwise by law. The comptroller is required to periodically present detailed financial reports and financial estimates to the governor and the legislature.

The comptroller's office is a much larger state agency than the treasurer's office, with many more employees.

Senate Joint Resolution 1 and Senate Bill 20 together will transfer all powers and duties of the state treasurer to the comptroller effective September 1, 1996. Senate Bill 20 includes various transition provisions designed to provide for a smooth transition of powers, duties, property, obligations, and employees. Senate Bill 20 also provides that the comptroller may contract with a private entity to perform a transferred activity if the activity is not solely a sovereign function of the state.

The fiscal note for Senate Bill 20 prepared by the Legislative Budget Board estimates that there will quickly be some savings and some reduction in the number of state employees attributable to the abolition of the treasurer's office and the transfer of duties to the comptroller, and that after several years there will be an estimated savings each successive year to the state's general revenue fund of approximately \$7.4 million attributable to the abolition and transfer and an estimated total decrease of 164 state employees attributable to the abolition and transfer.

Arguments

For:

1. The comptroller can competently handle the duties of the state treasurer's office at a substantial savings in both state money and in the net number of state employees required to perform the duties. The savings are estimated by the nonpartisan Legislative Budget Board to increase until the savings reach, after several transitional years, approximately \$7.4 million annually and a total of 164 fewer state employees. Even with these annual savings in money and personnel, the comptroller should be able to handle the treasurer's duties competently because the comptroller already possesses the required detailed knowledge of the state's finances and already keeps detailed records regarding the state's finances. In addition, the comptroller is already closely involved in many of the treasurer's functions—it is the comptroller who directs and supervises the collection of the state's money for deposit with the treasurer into the state treasury and the comptroller who after deciding whether a claim for payment is valid either draws a warrant on the treasury for payment by the treasurer or transfers money to a payee's account through electronic funds transfer. To the extent that the treasurer performs a function or possesses expertise that is not largely duplicative of the comptroller's existing efforts or expertise, such as the treasurer's duties regarding investment of state money, the comptroller can simply retain the appropriate personnel currently employed by the treasurer or contract with private businesses to provide the necessary expertise, without the need for the overhead and administrative expense necessarily involved in maintaining an extra state agency.

2. The existence of the state treasurer's office as a separate agency is no longer needed as a check and balance on the comptroller's powers regarding the state's finances. Detailed requirements of state law regarding authorized investments act as a check on whoever has the power to invest state money. The existence of the State Depository Board will act as a check and balance regarding the comptroller's relationship with designated state depositories. Because technology has largely automated the deposit of money into the treasury and the payment of

money out of the treasury, the checks and balances value of the treasurer's involvement is diminished and now outweighed by the inefficiency of maintaining an entire independent state agency to perform the treasurer's role.

Against:

1. The state's finances involve many billions of dollars. The size of the state's financial situation makes a system of checks and balances a necessity in the state's financial practices, and the office of state treasurer is essential to that system. It is a fundamentally unsound financial practice to have the same person manage an organization's money as well as audit claims against the organization and account for the organization's money. For this reason each Texas constitution since statehood has provided for both a state treasurer and a comptroller of public accounts.

2. The estimated savings due to the abolition of the treasurer's office and transfer of duties to the comptroller are only unproven estimates. If the estimates are correct and the current structures of the comptroller's and treasurer's offices do allow the comptroller to take on all the state treasurer's duties with a significant net savings in money and in the number of employees required to perform the duties, the best response to this situation is not simply to abolish one of the offices but instead is for the treasurer and the comptroller to increase cooperation and streamline operations to eliminate any unnecessary duplication of effort while retaining any duplication of effort and independent scrutiny that is required to provide the checks and balances necessary to safeguard the state's financial situation. Duplication of effort is not necessarily waste. In the context of safeguarding the state's multibillion dollar financial situation, providing for the proper independent efforts and for independent scrutiny is a sound practice.

Amendment No. 11

House Joint Resolution 72, proposing a constitutional amendment to allow open-space land used for wildlife management to qualify for tax appraisal in the same manner as open-space agricultural land, subject to eligibility limitations provided by the legislature. (HOUSE AUTHOR: Clyde Alexander, et al.; SENATE SPONSOR: John Montford)

The proposed constitutional amendment amends Section 1-d-1(a), Article VIII, Texas Constitution, to add a requirement that the legislature provide for the taxation of open-space land devoted to wildlife management purposes on the basis of the land's productive capacity. Section 1-d-1(a) currently applies by its terms only to open-space land devoted to farm or ranch purposes. The amendment also adds a temporary provision to the constitution that validates the changes to Section 23.51, Tax Code, made by House Bill No. 1298 from the 72nd Legislature, Regular Session, 1991. The temporary provision provides that the validation of House Bill No. 1298 does not authorize an owner of land used for wildlife management to claim a refund of property taxes paid unless the tax payment was challenged as provided by law before the amendment takes effect.

Background

Section 1-d-1, Article VIII, Texas Constitution, requires the legislature to provide for the taxation of open-space land devoted to farm or ranch purposes on the basis of its productive capacity. The legislature has done so in Subchapter D, Chapter 23, Tax Code. The land must be devoted to agricultural use. House Bill No. 1298 from the 72nd Legislature, Regular Session, 1991, amended the definition of "agricultural use" in Section 23.51, Tax Code, to include the use of land for wildlife management. House Bill No. 1298 also amended Section 23.51, Tax Code, to define "wildlife management" as using land that on January 1, 1992, was appraised as qualified open-space land or that was eligible to be appraised as qualified open-space land in at least two of certain specified ways to propagate a sustaining breeding population of indigenous wild animals to produce a harvestable surplus of those animals for human use, including food, medicine, or recreation.

The constitutionality of House Bill No. 1298 has been questioned on two grounds. First, it is unclear whether land used for wildlife management may be taxed on the basis of its productive capacity because wildlife management arguably is not a farm or ranch purpose under Section 1-d-1, Article VIII, Texas Constitution. Second, it is unclear whether the limitation of the definition of "wildlife management" to land that on a particular date was appraised or eligible to be appraised as qualified open-space land violates the requirement in Section 1(a), Article VIII, Texas Constitution, that taxation be equal and uniform. The proposed constitutional amendment satisfies those concerns by amending Section 1-d-1(a), Article VIII, Texas Constitution, to explicitly include open-space land devoted to wildlife management purposes and by validating House Bill No. 1298.

Arguments

For:

1. The amendment satisfies a constitutional concern regarding Section 23.51, Tax Code, by providing explicitly for the appraisal for ad valorem tax purposes of land used for wildlife management purposes on the basis of the productive capacity of the land.
2. The amendment encourages wildlife management by providing for the appraisal for ad valorem tax purposes of land used for that purpose on the basis of the productive capacity of the land rather than its market value.
3. It is unfair to permit land used for farm or ranch purposes to be appraised for ad valorem tax purposes on the basis of its productive capacity while denying similar tax treatment to land used for wildlife management purposes because wildlife management is a form of agriculture.

Against:

1. Section 1-d-1, Article VIII, Texas Constitution, was adopted to provide for the appraisal for ad valorem tax purposes of land devoted to farm or ranch purposes on the basis of its productive capacity. The use of land for wildlife management is not farming or ranching. The amendment would broaden the existing provision to include activities beyond its original scope.
2. Providing for the appraisal for ad valorem tax purposes of land devoted to wildlife management on the basis of its productive capacity will discourage landowners from using land for other, more beneficial purposes.
3. While the use of land for wildlife management may be laudable, that does not justify granting land used for that purpose special treatment for ad valorem tax purposes. Land used for that purpose, like property generally, should be appraised for tax purposes on the basis of its market value. Appraising land used for wildlife management on the basis of the productive capacity of the land rather than its market value unfairly shifts the tax burden to owners of other types of property.

Amendment No. 12

House Joint Resolution 31, proposing a constitutional amendment authorizing the exemption from ad valorem taxation of income-producing personal property and mineral interests having a value insufficient to recover the tax administrative costs. (HOUSE AUTHOR: Will Hartnett; SENATE SPONSOR: J. E. "Buster" Brown)

The proposed amendment amends Section 1, Article VIII, Texas Constitution, by amending Subsection (d)(2) and adding Subsections (g) and (h) to authorize the legislature to exempt from ad valorem taxation both tangible personal property that is held or used for the production of income and mineral interests if property of either category has a taxable value of less than the minimum amount sufficient to recover costs of administering taxes on the property, as determined by or under the general law that grants the exemption. House Bill 366, the enabling legislation for this proposed amendment, authorizes an exemption for the property described by the amendment if the property has a taxable value of less than \$500.

Background

Section 1, Article VIII, Texas Constitution, provides for equal and uniform taxation of nonexempt real and tangible personal property in proportion to the value of the property. Under Section 1, Article VIII, the legislature is authorized to exempt from ad valorem taxation all or part of the personal property homestead of a family or single adult and other tangible personal property unless the property is a structure used or occupied as a residential dwelling or is property used or held for the production of income. An exemption other than those specifically authorized by Section 1, Article VIII, Texas Constitution, requires amendment of the constitution.

Under Section 1, Article VIII, Texas Constitution, a taxing authority is required to assess and collect an ad valorem tax on property that is outside the legislature's exemption authority even if the cost of administering the tax is greater than the amount of tax owed on the property. For property having a low taxable value, a taxing authority may actually lose money in the process of assessing and collecting the ad valorem tax.

Arguments

For:

1. A taxing authority that is required to assess and collect an ad valorem tax on property having a low taxable value may spend more in administering the tax than it collects in revenue. An administrative expenditure by the taxing authority that is greater than the revenue it collects as a result of the expenditure defeats the purpose of imposing the tax. This amendment permits the legislature to exempt from ad valorem taxation certain property having low taxable value.

2. Because the costs of collecting taxes may vary, the proposed constitutional amendment authorizes the legislature to determine, only by general law, the manner in which the exemption is determined. The powers of the legislature are limited, and any method determined by the legislature must conform to the constitutional purposes of the amendment.

Against:

1. This proposed constitutional amendment is unnecessary and could create more administrative expenses to effect the exemptions, such as claims, proof of entitlement, and tax roll changes, than the adoption of the amendment would save.

2. The proposed amendment grants too much unrestricted authority to the legislature to determine the amount of or other qualification for the exemption. The amendment does not restrict the legislature to any maximum monetary amount of exemption or to an aggregate amount of exemption for each taxpayer.

Amendment No. 13

House Joint Resolution 35, proposing a constitutional amendment to authorize the governing body of a political subdivision to exempt from ad valorem taxation commercial fishing boats and other equipment used in commercial fishing. (HOUSE AUTHOR: D. R. "Tom" Uher; SENATE SPONSOR: Jerry Patterson, et al.)

The proposed amendment adds a new Section 19b to Article VIII of the Texas Constitution and would authorize a city, county, or other political subdivision to adopt ad valorem tax relief for boats and other equipment used in the commercial taking of fish, shrimp, shellfish, or other marine life. The amendment also would authorize the legislature to provide for the administration of and to set qualifications and limitations for the exemption.

Background

Section 1, Article VIII, Texas Constitution, provides that all real property and tangible personal property, unless exempt as required or permitted by the constitution, shall be taxed according to its market value. Any exemption from ad valorem taxation that is not authorized by the Texas Constitution is void. The Texas Constitution does not currently exempt or authorize the legislature or any governing body to exempt commercial fishing boats and related equipment from ad valorem taxation. The proposed constitutional amendment would give the governing body of a city, county, or other political subdivision the option of exempting commercial fishing boats and related equipment from ad valorem taxation.

House Bill 399, enacted by the 74th Legislature, Regular Session, 1995, and contingent on the adoption of the constitutional amendment proposed by House Joint Resolution 35, restricts the exemption to boats 100 feet long or smaller that are used primarily to take fish, shrimp, shellfish, or other marine life for resale as food for human consumption. Sportfishing boats are not generally covered by the proposed exemption authorization.

Arguments

For:

1. The Texas Constitution gives farmers and ranchers relief from property taxes on agricultural land and farming implements. People in the fishing industry harvest food and are stewards of the sea. They should get the same kind of tax relief that the state gives farmers and ranchers on the implements of their vocation. The ultimate purpose of the exemption is to reduce the consumer's cost for food products.

2. Fishing is an inconsistent, unpredictable business, and ad valorem taxes imposed on boats and related equipment are a burden on small family-owned or family-operated commercial fishing operations. The exemption, as limited to boats 100 feet long or smaller, would give much-needed relief to the small operations that use those boats.

3. Under the proposed amendment, each local taxing authority would have the option of granting the exemption but would not be required to do so. A taxing entity that needs to continue taxing commercial fishing boats and equipment could do so. The exemption would not reduce school district taxable values and even if widely adopted would have only a miniscule impact on governmental revenue and finances.

Against:

1. Too many exemptions from ad valorem taxation have been granted already, eroding the tax base to the point where government services can no longer be maintained. Every special interest group wants an exemption from property and sales taxes for materials used in a trade or business, and each new exemption makes it harder to say no the next time.

2. Exemptions from property taxes shift the burden to other taxpayers. If adopted, the proposed exemption will likely result in increased property taxes for other property owners. Those who catch shrimp or fish for a living are no different than many other hardworking people and do not deserve to be subsidized by other property owners. They should pay their fair share of taxes like everybody else.

3. The local option provision of the proposed exemption will result in inconsistent and unfair tax treatment from one taxing jurisdiction to the next, and in some cases the tax loss may be significant as many boats of less than 100 feet are hardly small crafts.

Amendment No. 14

House Joint Resolution 68, proposing a constitutional amendment relating to raising the limits of the exemptions from ad valorem taxation of property owned by disabled veterans or by the surviving spouses and surviving minor children of disabled veterans or certain members of the armed forces. (HOUSE AUTHOR: Pat Haggerty; SENATE SPONSOR: Peggy Rosson)

The proposed amendment amends Section 2(b), Article VIII, Texas Constitution, to allow the legislature by statute to raise the limits of the exemptions from ad valorem taxation of property owned by disabled veterans or by the surviving spouses and minor children of disabled veterans or members of the armed forces who die on active duty. The proposed amendment also provides that unless otherwise provided by general law enacted after January 1, 1995, the amount of the exemptions available under Section 2(b) is the maximum amount permitted rather than the amount to which a person is entitled under Section 11.22, Tax Code.

Background

Section 2(b), Article VIII, Texas Constitution, permits the legislature by statute to exempt property owned by a disabled veteran or by the surviving spouse and minor child of a disabled veteran or of a member of the armed forces who dies on active duty. The amount of the exemption is based on the veteran's federal disability rating. A veteran with a disability rating of less than 10 percent is not entitled to an exemption. The amendment does not change this minimum required disability rating. The amendment would allow the legislature to increase the amounts of the exemptions in the following manner:

1. The maximum exemption for a veteran with a disability rating of 10 to 30 percent would be raised from \$1,500 to \$5,000.
2. The maximum exemption for a veteran with a disability rating of 31 to 50 percent would be raised from \$2,000 to \$7,500.
3. The maximum exemption for a veteran with a disability rating of 51 to 70 percent would be raised from \$2,500 to \$10,000.
4. The maximum exemption for a veteran with a disability rating of more than 70 percent, a veteran with a disability rating of at least 10 percent who is 65 years of age or older, or a veteran who is totally blind in one or both eyes or who has lost the use of one or more limbs would be raised from \$3,000 to \$12,000.
5. The maximum exemption for the spouse and children of a member of the United States armed forces who dies while on active duty would be raised from \$2,500 to \$5,000.

As under current law, the proposed amendment allows the surviving spouse and minor children of a disabled veteran the same exemption as the disabled veteran after the veteran dies.

Section 2(b), Article VIII, Texas Constitution, provides that the amounts of the tax exemptions specified in the amendment may be enacted by the legislature by statute. The constitutional amendment proposed by H.J.R. 68 contains a provision stating that the amount of exemption from ad valorem taxation to which a person is entitled under the current statute is the maximum amount provided by this constitutional amendment rather than the amount specified in the statute until the legislature reduces the amount of the exemption by enacting a statute.

Arguments

For:

1. Because of the sacrifices disabled veterans have made for our country, they deserve public benefits to recognize and reward them for their service and to compensate them for the loss they have suffered. All 50 states provide for exemptions from ad valorem taxation of property similar to the exemptions provided in this amendment. Some counties in Texas already provide disabled veterans with exemptions that are much higher than the exemptions provided by the legislature under Section 2(b).

2. The exemptions now provided by law were enacted in 1972 and have not been increased since that date. The Texas exemptions are among the lowest in the nation. Due to the effects of inflation and increased taxes, the exemptions have become less valuable to disabled veterans. This amendment would increase the amount of these exemptions in an attempt to provide an exemption closer to the actual value of the exemptions originally enacted in 1972.

3. The number of disabled veterans and their surviving family members who qualify for the exemptions is a small percentage of the total number of taxpayers. Therefore, the loss in tax revenue that would result from increasing the exemptions under this amendment would be a small amount considering the sacrifices made by disabled veterans.

Against:

1. The enactment of this amendment would result in the loss of millions of dollars in tax revenues by local governments, including school districts. The total amount of tax revenue lost would have to be made up by other taxpayers. This amendment merely shifts the tax burden to other hard-pressed taxpayers.

2. One of the main arguments for this proposed amendment is that the amount of exemptions originally provided for in 1972 has been eroded by inflation and tax increases since that date. However, by merely increasing the maximum amounts of the exemptions, the legislature provides only temporary relief for disabled veterans. The resolution would more effectively address this problem by providing for automatic increases in the exemption from ad valorem taxation triggered by inflation or increases in the tax rate.

3. Although property tax exemptions must be constitutionally authorized, this proposed amendment is too detailed and restrictive. The proposed amendment contains very explicit provisions that would be more appropriately contained in a statute. This is exactly the sort of unnecessary provision for which the Texas Constitution has long been criticized. A more appropriate amendment would simply authorize or require the legislature to implement exemptions by statute.

Appendix
Text of Resolutions Proposing Amendments

Amendment No. 1

HOUSE AUTHOR: Christine Hernandez

H.J.R. 50

SENATE SPONSOR: Gonzalo Barrientos

House Joint Resolution

proposing a constitutional amendment providing for the issuance of general obligation bonds by the Texas Higher Education Coordinating Board.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III, Texas Constitution, is amended by adding Section 50b-4 to read as follows:

Sec. 50b-4. ADDITIONAL STUDENT LOANS. (a) The legislature by general law may authorize the Texas Higher Education Coordinating Board or its successor or successors to issue and sell general obligation bonds of the State of Texas in an amount not to exceed \$300 million to finance educational loans to students. The bonds are in addition to those bonds issued under Sections 50b, 50b-1, 50b-2, and 50b-3, Article III, Texas Constitution.

(b) The bonds shall be executed in the form, on the terms, and in the denominations, bear interest, and be issued in installments as prescribed by the Texas Higher Education Coordinating Board or its successor or successors.

(c) The maximum net effective interest rate to be borne by bonds issued under this section must be set by law.

(d) The legislature may provide for the investment of bond proceeds and may establish and provide for the investment of an interest and sinking fund to pay the bonds. Income from the investment shall be used for the purposes prescribed by the legislature.

(e) While any of the bonds issued under this section or interest on the bonds is outstanding and unpaid, there is appropriated out of the first money coming into the treasury in each fiscal year, not otherwise appropriated by this constitution, the amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, less any amount in an interest and sinking fund established under this section at the end of the preceding fiscal year that is pledged to the payment of the bonds or interest.

(f) Bonds issued under this section, after approval by the attorney general, registration by the comptroller of public accounts, and delivery to the purchasers, are incontestable.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on the earlier of the first date on which another election on a constitutional amendment proposed by the 74th Legislature, Regular Session, 1995, is held or November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing for the issuance of \$300 million in general obligation bonds to finance educational loans to students."

Amendment No. 2

SENATE AUTHOR: John Montford, et al.

S.J.R. 36

HOUSE SPONSOR: David Counts

Senate Joint Resolution

proposing a constitutional amendment to authorize the legislature to exempt from ad valorem taxation certain property of certain organizations chartered by the Congress of the Republic of Texas.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 2, of the Texas Constitution is amended by adding Subsection (d) to read as follows:

(d) The legislature by general law may exempt from ad valorem taxation the property of an organization chartered by the Congress of the Republic of Texas that has been in continuous existence since the date it was chartered if the property is used primarily for the charitable, benevolent, or public service activities of the organization as defined by general law. The legislature may provide for the administration of an exemption authorized by this subsection and may provide additional qualifications and limitations for an exemption authorized by this subsection.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment to authorize the legislature to exempt from ad valorem taxation property of an organization chartered by the Congress of the Republic of Texas that is used primarily for the charitable, benevolent, or public service activities of the organization."

Amendment No. 3

SENATE AUTHOR: John Montford

S.J.R. 51

HOUSE SPONSOR: L. P. "Pete" Patterson

Senate Joint Resolution

proposing a constitutional amendment relating to the use of proceeds of bonds issued for financing of farm and ranch land.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 49-f, Article III, Texas Constitution, is amended by amending Subsection (b) and by adding Subsection (g) to read as follows:

(b) Except as provided by Subsection (g) of this section, all ~~AM~~ money received from the sale of the bonds shall be deposited in a fund created with the state treasurer to be known as the farm and ranch finance program fund. This fund shall be administered by the Texas Agricultural Finance Authority ~~Veterans' Land Board~~ in the manner prescribed by law.

(g) Notwithstanding Subsection (a) of this section, the proceeds of \$200 million of the bonds authorized by this section may be used for the purposes provided by Section 49-i of this article and for other rural economic development programs, and the proceeds of bonds issued for those purposes under this subsection shall be deposited in the Texas agricultural fund, to be administered in the same manner that proceeds of bonds issued under Section 49-i of this article are administered.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment allowing the use of existing bond authority of the farm and ranch finance program to include financial assistance for the expansion, development, and diversification of production, processing, marketing, and export of Texas agricultural products."

Amendment No. 4

SENATE AUTHOR: Chris Harris

S.J.R. 46

HOUSE SPONSOR: John Cook

Senate Joint Resolution

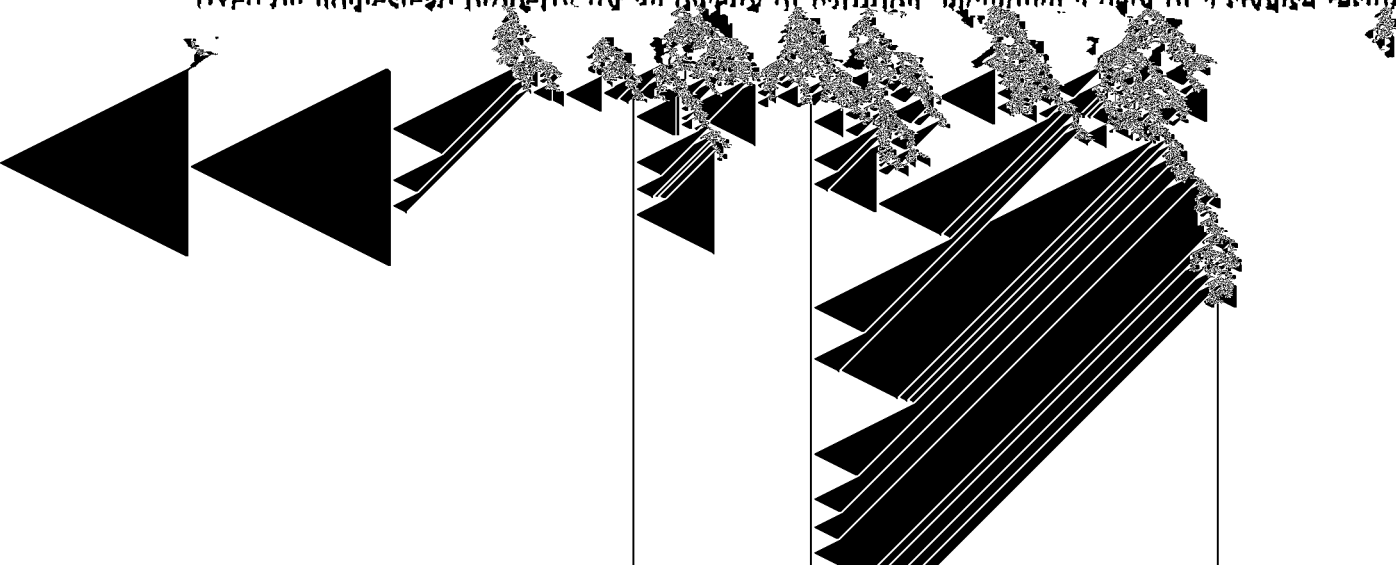
proposing a constitutional amendment permitting an encumbrance to be fixed on homestead property for an owelty of partition and the refinance of a lien against a homestead.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 50, Article XVI, Texas Constitution, is amended to read as follows:

Sec. 50. The homestead of a family, or of a single adult person, shall be, and is hereby protected from forced sale, for the payment of all debts except for the purchase money thereof, or a part of such purchase money, the taxes due thereon, an owelty of partition imposed against the entirety of the property by a court order or by a written agreement of the parties to the partition, including a debt of one spouse in favor of the other spouse resulting from a division or an award of a family homestead in a divorce proceeding, the refinance of a lien against a homestead, including a federal tax lien resulting from the tax debt of both spouses, if the homestead is a family homestead, or from the tax debt of the owner, or for work and material used in constructing improvements thereon, and in this last case only when the work and material are contracted for in writing, with the consent of both spouses, in the case of a family homestead, given in the same manner as is required in making a sale and conveyance of the homestead; nor may the owner or claimant of the property claimed as homestead, if married, sell or abandon the homestead without the consent of the other spouse, given in such manner as may be prescribed by law. No mortgage, trust deed, or other lien on the homestead shall ever be valid, except for a debt described by this section ~~[the purchase money therefor, or improvements made thereon, as hereinbefore provided]~~, whether such mortgage, or trust deed, or other lien, shall have been created by the owner alone, or together with his or her spouse, in case the owner is married. All pretended sales of the homestead involving any condition of defeasance shall be void. A purchaser or lender for value without actual knowledge may conclusively rely on an affidavit that designates other property as the homestead of the affiant and that states that the property to be conveyed or encumbered is not the homestead of the affiant ~~[This amendment shall become effective upon its adoption]~~.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment permitting an encumbrance to be fixed on homestead property for an owelty of partition, including a debt of a spouse resulting



Amendment No. 5

HOUSE AUTHOR: Doyle Willis, et al.

H.J.R. 34

SENATE SPONSOR: J. E. "Buster" Brown, et al.

House Joint Resolution

proposing a constitutional amendment to increase the amount of general obligation bonds authorized for veterans' housing assistance.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III, Texas Constitution, is amended by adding Section 49-b-3 to read as follows:

Sec. 49-b-3. (a) In addition to the general obligation bonds authorized to be issued and to be sold by the Veterans' Land Board by Sections 49-b, 49-b-1, and 49-b-2 of this article, the Veterans' Land Board may provide for, issue, and sell general obligation bonds of the state in an amount not to exceed \$500 million to provide housing financing to veterans of the state in recognition of their service to this state and the United States. The Veterans' Land Board may enter into bond enhancement agreements with respect to the bonds. The proceeds from the issuance and sale of the bonds authorized by this section shall be used to augment the Veterans' Housing Assistance Fund II to be administered and invested as provided by law.

(b) The principal of and interest on the general obligation bonds authorized by this section, including payments under bond enhancement agreements with respect to principal of or interest on the bonds, shall be payable from the sources and in the manner provided by Section 49-b-2 of this article for general obligation bonds issued under that section to augment the Veterans' Housing Assistance Fund II.

(c) The general obligation bonds authorized by this section shall be issued and sold in forms and denominations, on terms, at times, in the manner, at places, and in installments the Veterans' Land Board determines. The bonds shall bear a rate or rates of interest the Veterans' Land Board determines. The bonds authorized by this section shall be incontestable after execution by the Veterans' Land Board, approval by the attorney general, and delivery to the purchaser or purchasers of the bonds.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment to increase by \$500 million the amount of general obligation bonds that may be issued to augment the veterans' housing assistance fund II."

Amendment No. 6

HOUSE AUTHOR: Peggy Hamric
SENATE SPONSOR: Don Henderson

H.J.R. 64

House Joint Resolution

proposing a constitutional amendment exempting from ad valorem taxation the residence homestead of the surviving spouse of an elderly person.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1-b, Article VIII, Texas Constitution, is amended by adding Subsection (f) to read as follows:

(f) The surviving spouse of a person who received an exemption under Subsection (b) of this section for the residence homestead of a person sixty-five (65) years of age or older is entitled to an exemption for the same property from the same political subdivision in an amount equal to that of the exemption received by the deceased spouse if the deceased spouse died in a year in which the deceased spouse received the exemption, the surviving spouse was fifty-five (55) years of age or older when the deceased spouse died, and the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse. A person who receives an exemption under Subsection (b) of this section is not entitled to an exemption under this subsection. The legislature by general law may prescribe procedures for the administration of this subsection.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment exempting from ad valorem taxation the residence homestead of the surviving spouse of an elderly person."

Amendment No. 7

HOUSE AUTHOR: Sylvia Romo
SENATE SPONSOR: Mike Moncrief

H.J.R. 73

House Joint Resolution

proposing a constitutional amendment reducing the amount of general obligation bonds authorized for the issuance for undertakings related to a superconducting super collider research facility.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 49-g(a), Article III, Texas Constitution, as adopted pursuant to H.J.R. No. 88, Acts of the 70th Legislature, Regular Session, 1987, is amended to read as follows:

(a) The legislature may authorize (1) the appropriate agency to issue up to \$250 [~~\$500~~] million in general obligation bonds and to use the proceeds of the bonds (without further appropriation) to establish a superconducting super collider fund to be used in any manner appropriate to fund undertakings related to a superconducting super collider research facility sponsored or authorized by the United States government, and (2) the appropriate agency to grant land or property, whether or not acquired from proceeds of the bonds, to the United States government for undertakings related to a superconducting super collider research facility. The superconducting super collider fund shall contain a project account, an interest and sinking account and such other accounts as may be authorized by the legislature. The fund shall be composed of the proceeds of the bonds authorized by this section, together with any income from investment of money in the fund, amounts received pursuant to Subsection (b) hereof, and any other amounts authorized to be deposited in the fund by the legislature.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment reducing the amount of general obligation bonds authorized for undertakings related to the superconducting super collider research facility from \$500 million to \$250 million."

Amendment No. 8

HOUSE AUTHOR: Layton Black

H.J.R. 80

SENATE SPONSOR: Bill Sims

House Joint Resolution

proposing a constitutional amendment to abolish the office of constable in Mills, Reagan, and Roberts counties.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 18, Article V, Texas Constitution, is amended by amending Subsection (a) and adding Subsections (e) and (f) to read as follows:

(a) Each county in the State with a population of 30,000 or more, according to the most recent federal census, from time to time, for the convenience of the people, shall be divided into not less than four and not more than eight precincts. Each county in the State with a population of 18,000 or more but less than 30,000, according to the most recent federal census, from time to time, for the convenience of the people, shall be divided into not less than two and not more than five precincts. Each county in the State with a population of less than 18,000, according to the most recent federal census, from time to time, for the convenience of the people, shall be designated as a single precinct or, if the Commissioners Court determines that the county needs more than one precinct, shall be divided into not more than four precincts. Notwithstanding the population requirements of this subsection, Chambers County, from time to time, for the convenience of the people, shall be divided into not less than two and not more than six precincts. A division or designation under this subsection shall be made by the Commissioners Court provided for by this Constitution. Except as provided by Subsection (e) of this section, in [It] each such precinct there shall be elected one Justice of the Peace and one Constable, each of whom shall hold his office for four years and until his successor shall be elected and qualified; provided that in a county with a population of less than 150,000, according to the most recent federal census, in any precinct in which there may be a city of 18,000 or more inhabitants, there shall be elected two Justices of the Peace, and in a county with a population of 150,000 or more, according to the most recent federal census, each precinct may contain more than one Justice of the Peace Court.

(e) The office of Constable in Mills County is abolished. The powers, duties, and records of the office are transferred to the County Sheriff.

(f) The office of Constable in Reagan County and the office of Constable in Roberts County are abolished. The functions of the office are transferred to the County Sheriff. However, the office of Constable is abolished under this subsection only if, at the statewide election at which the constitutional amendment providing for the abolition is submitted to the voters, a majority of the voters of Reagan County or Roberts County, as applicable, voting on the question at that election favor the amendment.

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. The abolition of the office of constable in Mills County under the constitutional amendment proposed by the 74th Legislature, Regular Session, 1995, providing for the abolition of the office in that county takes effect January 1, 1996. This provision expires January 2, 1996.

SECTION 3. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. The abolition of the office of constable in Reagan County and in Roberts County under the constitutional amendment proposed by the 74th Legislature, Regular Session, 1995, providing for the abolition of that office in those counties, takes effect January 1, 1996, if the conditions of Subsection (f), Section 18, Article V, as added by that constitutional amendment, are met. This temporary provision expires January 2, 1996.

SECTION 4. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing for the abolition of the office of constable in Mills, Reagan, and Roberts counties."

Amendment No. 9

SENATE AUTHOR: Rodney Ellis, et al.

S.J.R. 7

HOUSE SPONSOR: Helen Giddings

Senate Joint Resolution

proposing a constitutional amendment allowing investment of money from the Texas growth fund in a business without the business's disclosure of its investments in or with South Africa or Namibia.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article XVI, Section 70(r), of the Texas Constitution is repealed.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment allowing investment of money from the Texas growth fund in a business without the business's disclosure of its investments in or with South Africa or Namibia."

Amendment No. 10

SENATE AUTHOR: Rodney Ellis

S.J.R. 1

HOUSE SPONSORS: Bill Siebert, Mark Stiles

Senate Joint Resolution

proposing a constitutional amendment abolishing the office of state treasurer.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 74th Legislature, Regular Session, 1995, abolishing the constitutional office of state treasurer.

(b) The constitutional office of state treasurer is abolished effective September 1, 1996. The transfer of specific constitutional powers and duties to the comptroller of public accounts under the constitutional amendment takes effect on that date. The statutory powers and duties and the property and other obligations of the state treasurer are transferred to officers and agencies of state government in the manner that the legislature provides by general law.

(c) This temporary provision expires September 1, 1997.

SECTION 2. Section 49-e, Article III, Texas Constitution, is amended to read as follows:

Sec. 49-e. The Parks and Wildlife Department, or its successor vested with the powers, duties, and authority which deals with the operation, maintenance, and improvement of State Parks, shall have the authority to provide for, issue and sell general obligation bonds of the State of Texas in an amount not to exceed Seventy-Five Million Dollars (\$75,000,000). The bonds authorized herein shall be called "Texas Park Development Bonds," shall be executed in such form, denominations, and upon such terms as may be prescribed by law, provided, however, that the bonds shall bear a rate or rates of interest as may be fixed by the Parks and Wildlife Department or its successor, but the weighted average annual interest rate, as that phrase is commonly and ordinarily used and understood in the municipal bond market, of all the bonds issued and sold in any installment of any bonds, shall not exceed four and one-half percent (4 1/2%) interest per annum; they may be issued in such installments as said Parks and Wildlife Department, or its said successor, finds feasible and practical in accomplishing the purpose set forth herein.

All moneys received from the sale of said bonds shall be deposited in a fund hereby created with the Comptroller of Public Accounts of the State of Texas ~~[State Treasurer]~~ to be known as the Texas Park Development Fund to be administered (without further appropriation) by the said Parks and Wildlife Department, or its said successor, in such manner as prescribed by law.

Such fund shall be used by said Parks and Wildlife Department, or its said successor, under such provisions as the Legislature may prescribe by general law, for the purposes of acquiring lands from the United States, or any governmental agency thereof, from any governmental agency of the State of Texas, or from any person, firm, or corporation, for State Park Sites and for developing said sites as State Parks.

While any of the bonds authorized by this provision, or any interest on any such bonds, is outstanding and unpaid, there is hereby appropriated out of the first moneys coming into the Treasury in each fiscal year, not otherwise appropriated by this Constitution, an amount which

is sufficient to pay the principal and interest on such bonds that mature or become due during such fiscal year, less the amount in the interest and sinking fund at the close of the prior fiscal year, which includes any receipts derived during the prior fiscal year by said Parks and Wildlife Department, or its said successor, from admission charges to State Parks, as the Legislature may prescribe by general law.

The Legislature may provide for the investment of moneys available in the Texas Park Development Fund and the interest and sinking fund established for the payment of bonds issued by said Parks and Wildlife Department, or its said successor. Income from such investment shall be used for the purposes prescribed by the Legislature.

From the moneys received by said Parks and Wildlife Department, or its said successor, from the sale of the bonds issued hereunder, there shall be deposited in the interest and sinking fund for the bonds authorized by this section sufficient moneys to pay the interest to become due during the State fiscal year in which the bonds were issued. After all bonds have been fully paid with interest, or after there are on deposit in the interest and sinking fund sufficient moneys to pay all future maturities of principal and interest, additional moneys received from admission charges to State Parks shall be deposited to the State Parks Fund, or any successor fund which may be established by the Legislature as a depository for Park revenue earned by said Parks and Wildlife Department, or its said successor.

All bonds issued hereunder shall after approval by the Attorney General, registration by the Comptroller of Public Accounts of the State of Texas, and delivery to the purchasers, be incontestable and shall constitute general obligations of the State of Texas under the Constitution of Texas.

Should the Legislature enact enabling laws in anticipation of the adoption of this amendment, such Acts shall not be void by reason of their anticipatory nature.

SECTION 3. Subsection (b), Section 49-f, Article III, Texas Constitution, is amended to read as follows:

(b) All money received from the sale of the bonds shall be deposited in a fund created with the comptroller of public accounts ~~[state treasurer]~~ to be known as the farm and ranch finance program fund. This fund shall be administered by the Veterans' Land Board in the manner prescribed by law.

SECTION 4. Subsections (i) and (j), Section 49-g, Article III, Texas Constitution, as proposed by H.J.R. No. 2, 70th Legislature, Regular Session, 1987, are amended to read as follows:

(i) The comptroller ~~[state treasurer]~~ shall credit to general revenue interest due to the economic stabilization fund that would result in an amount in the economic stabilization fund that exceeds the limit in effect under Subsection (g) of this section.

(j) The comptroller~~[-with the consent of the state treasurer,]~~ may transfer money from the economic stabilization fund to general revenue to prevent or eliminate a temporary cash deficiency in general revenue. The comptroller shall return the amount transferred to the economic stabilization fund as soon as practicable, but not later than August 31 of each odd-numbered year. The comptroller ~~[state treasurer]~~ shall allocate the depository interest as if the transfers had not been made. If the comptroller submits a statement to the governor and the legislature under Article III, Section 49a, of this constitution when money from the economic stabilization fund is in general revenue, the comptroller shall state that the transferred money is not available for appropriation from general revenue.

SECTION 5. Subsection (b), Section 50c, Article III, Texas Constitution, is amended to read as follows:

(b) All money received from the sale of Farm and Ranch Loan Security Bonds shall be deposited in a fund hereby created with the comptroller of public accounts [~~State Treasurer~~] to be known as the "Farm and Ranch Loan Security Fund." This fund shall be administered without further appropriation by the commissioner of agriculture in the manner prescribed by law.

SECTION 6. Section 61, Article III, Texas Constitution, as proposed by S.J.R. No. 5, 53rd Legislature, Regular Session, 1953, is amended to read as follows:

Sec. 61. The Legislature shall not fix the salary of the Governor, Attorney General, Comptroller of Public Accounts, [~~the Treasurer,~~] Commissioner of the General Land Office or Secretary of State at a sum less than that fixed for such officials in the Constitution on January 1, 1953.

SECTION 7. Section 1, Article IV, Texas Constitution, is amended to read as follows:

Sec. 1. The Executive Department of the State shall consist of a Governor, who shall be the Chief Executive Officer of the State, a Lieutenant Governor, Secretary of State, Comptroller of Public Accounts, [~~Treasurer,~~] Commissioner of the General Land Office, and Attorney General.

SECTION 8. Section 23, Article IV, Texas Constitution, is amended to read as follows:

Sec. 23. The comptroller of Public Accounts, [~~the Treasurer,~~] the Commissioner of the General Land Office, and any statutory State officer who is elected by the electorate of Texas at large, unless a term of office is otherwise specifically provided in this Constitution, shall each hold office for the term of four years and until his successor is qualified. The four-year term applies to these officers who are elected at the general election in 1974 or thereafter. Each shall receive an annual salary in an amount to be fixed by the Legislature; reside at the Capital of the State during his continuance in office, and perform such duties as are or may be required by law. They and the Secretary of State shall not receive to their own use any fees, costs or perquisites of office. All fees that may be payable by law for any service performed by any officer specified in this section or in his office, shall be paid, when received, into the State Treasury.

SECTION 9. Section 4, Article VII, Texas Constitution, is amended to read as follows:

Sec. 4. The lands herein set apart to the Public Free School fund, shall be sold under such regulations, at such times, and on such terms as may be prescribed by law; and the Legislature shall not have power to grant any relief to purchasers thereof. The proceeds of such sales must be used to acquire other land for the Public Free School fund as provided by law or the proceeds shall be invested by the comptroller of public accounts [~~treasurer,~~] as may be directed by the Board of Education herein provided for, in the bonds of the United States, the State of Texas, or counties in said State, or in such other securities, and under such restrictions as may be prescribed by law; and the State shall be responsible for all investments.

SECTION 10. Section 11b, Article VII, Texas Constitution, is amended to read as follows:

Sec. 11b. Notwithstanding any other provision of this constitution, in managing the assets of the permanent university fund, the Board of Regents of The University of Texas System may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment, including investments in the Texas growth fund created by Article XVI, Section 70, of this constitution, that persons of ordinary prudence, discretion, and intelligence, exercising the

judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. This section does not affect the ~~[state treasurer's]~~ of the comptroller of public accounts custodial responsibilities for public funds, securities, and other evidences of investment.

SECTION 11. Subsection (l), Section 17, Article VII, Texas Constitution, is amended to read as follows:

(l) This section is self-enacting upon the issuance of the governor's proclamation declaring the adoption of the amendment, and the state comptroller of public accounts ~~[and the state treasurer]~~ shall do all things necessary to effectuate this section. This section does not impair any obligation created by the issuance of any bonds and notes in accordance with prior law, and all outstanding bonds and notes shall be paid in full, both principal and interest, in accordance with their terms. If the provisions of this section conflict with any other provisions of this constitution, then the provisions of this section shall prevail, notwithstanding all such conflicting provisions.

SECTION 12. Subsection (j), Section 18, Article VII, Texas Constitution, is amended to read as follows:

(j) This section is self-enacting on the issuance of the governor's proclamation declaring the adoption of this amendment, and the state comptroller of public accounts ~~[and the state treasurer]~~ shall do all things necessary to effectuate this section. This section does not impair any obligation created by the issuance of bonds or notes in accordance with prior law, and all outstanding bonds and notes shall be paid in full, both principal and interest, in accordance with their terms, and the changes herein made in the allocation of the available university fund shall not affect the pledges thereof made in connection with such bonds or notes heretofore issued. If the provisions of this section conflict with any other provision of this constitution, then the provisions of this section shall prevail, notwithstanding any such conflicting provisions.

SECTION 13. Section 2, Article XV, Texas Constitution, is amended to read as follows:

Sec. 2. Impeachment of the Governor, Lieutenant Governor, Attorney General, ~~[Treasurer,]~~ Commissioner of the General Land Office, Comptroller and the Judges of the Supreme Court, Court of Appeals and District Court shall be tried by the Senate.

SECTION 14. Subsections (h) and (q), Section 70, Article XVI, Texas Constitution, are amended to read as follows:

(h) The board of trustees shall establish and operate the fund to the extent practical under the generally accepted business procedures relating to a mutual fund and shall value the investments for determining the purchase or sales price of participating shares of investing funds or systems participating in the fund consistent with investment contracts. Evidences of participation in the fund shall be held by the comptroller of public accounts ~~[state treasurer]~~ in keeping with the custodial responsibilities of that office.

(q) This section is self-executing and takes effect on its adoption by the voters. All state officials named in this section~~[-the state treasurer,]~~ and the comptroller of public accounts shall take all necessary actions for the implementation of this section. The legislature shall provide by law for full disclosure of all details concerning investments authorized by this section.

SECTION 15. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment abolishing the office of state treasurer."

Amendment No. 11

HOUSE AUTHOR: Clyde Alexander, et al.

H.J.R. 72

SENATE SPONSOR: John Montford

House Joint Resolution

proposing a constitutional amendment relating to the ad valorem taxation of open-space land used for wildlife management.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Section 1-d-1, Subsection (a), of the Texas Constitution is amended to read as follows:

(a) To promote the preservation of open-space land, the legislature shall provide by general law for taxation of open-space land devoted to farm, ~~[or]~~ ranch, or wildlife management purposes on the basis of its productive capacity and may provide by general law for taxation of open-space land devoted to timber production on the basis of its productive capacity. The legislature by general law may provide eligibility limitations under this section and may impose sanctions in furtherance of the taxation policy of this section.

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) The changes to the law made by Chapter 560, Acts of the 72nd Legislature, Regular Session, 1991, are validated.

(b) This section does not authorize a property owner to claim a refund of taxes paid unless the tax payment was challenged as provided by law before the effective date of this amendment.

(c) This temporary provision expires January 1, 1998.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment to allow open-space land used for wildlife management to qualify for tax appraisal in the same manner as open-space agricultural land, subject to eligibility limitations provided by the legislature."

Amendment No. 12

HOUSE AUTHOR: Will Hartnett

H.J.R. 31

SENATE SPONSOR: J. E. "Buster" Brown

House Joint Resolution

proposing a constitutional amendment authorizing the exemption from ad valorem taxation of income-producing personal property and mineral interests having a value insufficient to recover the tax administrative costs.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1, Article VIII, Texas Constitution, is amended by amending Subsection (d) and adding Subsections (g) and (h) to read as follows:

(d) The Legislature by general law shall exempt from ad valorem taxation household goods not held or used for the production of income and personal effects not held or used for the production of income. The Legislature by general law may exempt from ad valorem taxation:

(1) all or part of the personal property homestead of a family or single adult, "personal property homestead" meaning that personal property exempt by law from forced sale for debt; and

(2) subject to Subsections [Subsection] (e) and (g) of this section, all other tangible personal property, except structures which are personal property and are used or occupied as residential dwellings and except property held or used for the production of income.

(g) The Legislature may 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 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.

(h) The Legislature may exempt from ad valorem taxation a mineral interest that has a taxable value of less than the minimum amount sufficient to recover the costs of the administration of the taxes on the interest, as determined by or under the general law granting the exemption.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the legislature to exempt from ad valorem taxation personal property and mineral interests having a value insufficient to recover the administrative costs of collecting the taxes."

Amendment No. 13

HOUSE AUTHOR: D. R. "Tom" Uher

H.J.R. 35

SENATE SPONSOR: Jerry Patterson, et al.

House Joint Resolution

proposing a constitutional amendment authorizing the governing body of a political subdivision to exempt from ad valorem taxation boats and other equipment used in the commercial taking or production of fish, shrimp, shellfish, and other marine life.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 19b to read as follows:

Sec. 19b. The governing body of a political subdivision may exempt from ad valorem taxation boats and other equipment used primarily in the commercial taking or production of fish, shrimp, shellfish, and other marine life. The legislature may provide for the administration of the exemption authorized by this section and may provide additional qualifications and limitations for the exemption.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the governing body of a political subdivision to exempt from ad valorem taxation boats and other equipment used primarily in the commercial taking or production of fish, shrimp, shellfish, and other marine life."

Amendment No. 14

HOUSE AUTHOR: Pat Haggerty
SENATE SPONSOR: Peggy Rosson

H.J.R. 68

House Joint Resolution

proposing a constitutional amendment to raise the limits of the exemption from ad valorem taxation of property owned by disabled veterans or by the surviving spouses and surviving minor children of disabled veterans.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2, Article VIII, Texas Constitution, is amended by amending Subsection (b) and adding Subsection (d) to read as follows:

(b) The Legislature may, by general law, exempt property owned by a disabled veteran or by the surviving spouse and surviving minor children of a disabled veteran. A disabled veteran is a veteran of the armed services of the United States who is classified as disabled by the Veterans' Administration or by a successor to that agency; or the military service in which he served. A veteran who is certified as having a disability of less than 10 percent is not entitled to an exemption. A veteran having a disability rating of not less than 10 percent nor more than 30 percent may be granted an exemption from taxation for property valued at up to \$5,000 [~~\$1,500~~]. A veteran having a disability rating of more than 30 percent but not more than 50 percent may be granted an exemption from taxation for property valued at up to \$7,500 [~~\$2,000~~]. A veteran having a disability rating of more than 50 percent but not more than 70 percent may be granted an exemption from taxation for property valued at up to \$10,000 [~~\$2,500~~]. A veteran who has a disability rating of more than 70 percent, or a veteran who has a disability rating of not less than 10 percent and has attained the age of 65, or a disabled veteran whose disability consists of the loss or loss of use of one or more limbs, total blindness in one or both eyes, or paraplegia, may be granted an exemption from taxation for property valued at up to \$12,000 [~~\$3,000~~]. The spouse and children of any member of the United States Armed Forces who dies [~~loses his life~~] while on active duty may [~~will~~] be granted an exemption from taxation for property valued at up to \$5,000 [~~\$2,500~~]. A deceased disabled veteran's surviving spouse and children may be granted an exemption which in the aggregate is equal to the exemption to which the veteran [~~decedent~~] was entitled when [~~at~~] the veteran [~~time he~~] died.

(d) Unless otherwise provided by general law enacted after January 1, 1995, the amounts of the exemptions from ad valorem taxation to which a person is entitled under Section 11.22, Tax Code, for a tax year that begins on or after the date this subsection takes effect are the maximum amounts permitted under Subsection (b) of this section instead of the amounts specified by Section 11.22, Tax Code. This subsection may be repealed by the Legislature by general law.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 7, 1995. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment relating to raising the limits of the exemption from ad valorem taxation of property owned by disabled veterans or by the surviving spouses or surviving minor children of disabled veterans."