

# What's on the Ballot

**State of Texas Proposition 1** "The constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the resident homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of maintenance and operations taxes imposed for those purposes on a homestead."

**State of Texas Proposition 1** The Texas Constitution puts a ceiling on school property taxes paid by homeowners who are disabled or at least 65 years old. This means that for disabled and elderly homeowners, certain property tax rates cannot be higher than what they were the year they first qualified for this exemption. Since school property taxes make up most of a homeowner's tax bill, their property tax bills are essentially frozen unless improvements are made to their residence or they move.

In 2019, the Texas State Legislature passed a law which provided a property tax reduction to many homeowners. However, this reduction did not apply to disabled or elderly homeowners because under the Texas Constitution, their tax rate is frozen.

Proposition 1 would amend the Constitution to allow disabled and elderly homeowners to receive the benefits from the 2019 property tax reduction that other homeowners received. This amendment would result in freezing their tax rate at a lower rate. This will allow all homeowners to benefit from the lower tax rates passed in 2019.

The law related to this proposed amendment requires that the state reimburse school districts for revenues lost due to this proposition.

## **State of Texas Proposition 1** Arguments For:

- The proposed amendment would provide significant property tax relief to disabled and elderly homeowners.
- This amendment would allow more people to benefit from lower tax rates passed in 2019.
- Many individuals who are disabled or elderly live on fixed incomes. The proposed amendment would provide them with financial relief as well as budget certainty.

## Arguments Against:

- Opponents argue that this proposition does not resolve the problem of relying on property taxes to fund public schools.
- While school districts are to be reimbursed by the state for any revenues lost, the proposed amendment could reduce funds for public schools if proper formulas are not put in place.

- There may be other Texans more in need of tax relief, and some homeowners in the groups given tax relief by this proposition may not be in need.

**State of Texas Proposition 2**“The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxes for public school purposes from \$25,000 to \$40,000.”

**State of Texas Proposition 2**Currently, homeowners are able to reduce the market value of their primary residence by \$25,000 when calculating their annual school property taxes. The proposed amendment would increase the amount of that reduction to \$40,000. This could lower homeowners’ annual property tax bills.

The law related to this proposed amendment requires that the state reimburse school districts for revenues lost due to this proposition.

**State of Texas Proposition 2**Arguments For:

- This amendment would save homeowners money in the form of property tax relief.
- This proposition should not impact public school revenues because the state would be required to make up any shortfall.
- This decrease in property taxes would particularly help low to moderate- income homeowners.

Arguments Against:

- The proposed amendment could reduce public school revenues if the formulas put in place by the state do not fully reimburse the local school districts for the losses.
- This property tax reduction will end up costing the state money if they reimburse lost revenue to school districts. The cost to the state will depend on the laws passed to make up any shortfall.
- The proposed amendment does not benefit those who are not homeowners, including renters who send their children to public schools.