

## Upcoming Texas Constitutional Amendments

There are 14 constitutional amendments in the November 7<sup>th</sup> election. Below I have put down the language that will be included on the ballot, an explainer of what each means, and what happens if you vote for it.

### Proposition 1

**Ballot language:** “The constitutional amendment protecting the right to engage in farming, ranching, timber production, horticulture, and wildlife management.”

#### What it means:

- With Texas cities continuing to grow, this amendment would raise the bar for state and local regulation of “generally accepted” farming and ranching practices. It would require state and local governments to provide evidence that the regulation is needed to protect the public from danger.
- For example, it would prevent a city from banning farming in an area for no specific reason, but it would allow for a government to require ranchers to put up fences for their livestock, according to the Texas Farm Bureau, which supports the amendment. The amendment would not affect state or local government efforts needed to preserve or conserve natural resources, such as water, fish, wildlife, and trees. Nor would it affect state actions needed to protect animal health and crop production. Agriculture Commissioner Sid Miller said “municipal encroachment will no longer threaten the livelihoods” of farmers and ranchers if the amendment passes.

**Voting for this measure would:** remove the ability for local governments to restrict farming/ranching/timber/horticulture, and wildlife management unless they had a “good reason”.

### Proposition 2

**Ballot language:** "The constitutional amendment authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility."

#### What it means:

- This resolution would allow cities and counties to exempt childcare providers from property taxes for any facilities used to run a childcare business. The value of the exemption would have to be at least 50 percent of the property's appraised value.
- The amendment would offer relief for childcare businesses that have been struggling to stay open since the start of the COVID-19 pandemic. With federal pandemic relief money set to dry up for childcare businesses, some providers are preparing to close in the next year.
- Supporters of the resolution argue that keeping childcare businesses open is a win for the economy. The U.S. Chamber of Commerce Foundation found that the Texas economy

loses nearly \$9.4 billion a year from breakdowns in childcare. Critics say property tax exemptions will result in higher tax burdens for homeowners and other businesses, who will have to pay more to make up for the lost revenue.

**Voting for this measure would:** potentially increase property taxes slightly for homeowners and other businesses to make up the cost for daycare centers having an exemption.

### **Proposition 3**

**Ballot language:** "The constitutional amendment prohibiting the imposition of an individual wealth or net worth tax, including a tax on the difference between the assets and liabilities of an individual or family."

#### **What it means:**

- Several states have proposed so-called "wealth taxes" in recent months, referring to a tax on a person based on the market value of assets they own, which can include real property and retirement accounts, minus their debts or liabilities, such as bankruptcies. Texas has not introduced this and does not have a similar tax.
- Supporters of those taxes argue that the impact on the extremely wealthy would be minimal, that the definition of "wealth" can be defined in a way that best suits each state, and that it would help pay for costly programs without impacting lower income people. Critics say raising taxes on someone's wealth discourages business and that the revenue from it will be less than anticipated. They also say that overall wealth would decline, which would result in less investment and loss of tax revenue from other sources, such as sales and property taxes.

**Voting for this measure would:** force lawmakers to ask voters for authorization before they could impose any new state taxes on residents that would be based on net worth or wealth.

### **Proposition 4**

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

#### **What it means:**

- Texas has some of the highest property taxes in the nation. Earlier this year, Texas lawmakers approved a \$12.7 billion package of property tax cuts that needs voter approval to take effect. The package would send \$7.1 billion to school districts so they

can lower their property tax rates. School district taxes make up the bulk of a Texas property owner's tax bill.

- The amendment would also raise the state's school district homestead exemption from \$40,000 to \$100,000, at a cost of \$5.6 billion.
- The amendment also includes other tax reforms, including a temporary limit on appraisals for commercial, mineral, and residential properties that don't receive a homestead exemption that are worth less than \$5 million.
- The amendment would also expand the pool of businesses that don't have to pay the state's franchise tax — and allow voters to elect three members to their local appraisal district's board of directors, which are currently appointed.

**Voting for this measure would:** mean that appraisal districts could not raise the taxable value of those properties by more than 20% each year for the next three years, along with extending new limits to the above. The limit would expire in 2026 unless lawmakers and voters decide to extend it.

### **Proposition 5**

**Ballot language:** "The constitutional amendment relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy."

#### **What it means:**

- If passed, the amendment would rename the National Research University Fund to the Texas University Fund.
- The university fund would gain the annual interest income, dividends, and investment earnings from Texas' rainy-day fund to support research at state universities.
- Total money moved to the university fund in the 2024 fiscal year would be limited to \$100 million. The annual amount may be adjusted for inflation and is limited to a 2% growth rate.
- The Texas A&M and University of Texas systems will not receive money from the fund as they receive research funds from a separate Permanent University Fund.

**Voting for this measure would:** rename the National Research University Fund to the Texas University Fund and allocating annually the interest income, dividends, and investment earnings from the state's rainy-day fund to the university fund to support research activities at state universities, just not A&M and UT.

### **Proposition 6**

**Ballot language:** "The constitutional amendment creating the Texas water fund to assist in financing water projects in this state."

#### **What it means:**

- If approved, this resolution would create a new special fund in the state treasury outside of the general revenue fund, endowed with a \$1 billion down payment. The fund would be administered by the Texas Water Development Board to support a wide range of projects including fixing Texas' aging, deteriorating pipes, acquiring more water sources, and mitigating water loss.
- A portion of the fund would have to be used for water infrastructure projects in rural areas as well as for water conservation strategies and water loss projects. At least 25% of the fund would be used for the New Water Supply Fund for Texas, which will support projects to increase the state's water supply through, for example, marine desalination and treating "produced water," which comes from the ground during the oil fracking process.

**Voting for this measure would:** support amending the state constitution to create the Texas Water Fund administered by the Texas Water Development Board to finance water projects in the state.

### **Proposition 7**

**Ballot language:** "The constitutional amendment providing for the creation of the Texas energy fund to support the construction, maintenance, modernization, and operation of electric generating facilities."

#### **What it means:**

- If approved, this resolution would create a state fund allowing officials to distribute loans and grants to companies with the aim of building new natural gas-fueled power plants. This would include giving a 3% interest loan for the construction of or upgrades to gas-fueled power plants on the state's main electric grid and paying a bonus for getting new plants connected by June 2029.
- Supporters argue: Winter Storm Uri revealed the failures in our electricity market, specifically the lack of reliability. ... S.B. 2627 creates a completion bonus and zero-interest loan for new dispatchable generation resources directly targeted at 'steel in the ground.' It also provides low-interest loans for existing dispatchable generators as a mechanism for generators to access capital needed to maintain and make necessary improvements to existing generation resources." - State Sen. Charles Schwertner (R-5)
- Opponents argue: "We need, and Texans want, more clean energy, not less. There is strong support for more wind and solar energy, more battery storage, more energy efficiency, and more interconnection with the national grid. Unfortunately, the Legislature ignored these solutions to strengthen our electric grid while protecting consumers and the environment." - Environment Texas Executive Director Luke Metzger

**Voting for this measure would:** establish a new fund to bring natural gas power plants online.

### **Proposition 8**

**Ballot language:** "The constitutional amendment creating the broadband infrastructure fund to expand high-speed broadband access and assist in the financing of connectivity projects."

**What it means:**

- Texas lawmakers made an investment in broadband development by passing a bill which would create the Texas broadband infrastructure fund — pending approval of this resolution.
- With the passage of this resolution, \$1.5 billion would be allocated to expand internet availability in Texas, where some 7 million people currently lack access. These dollars would help pay to develop and finance broadband and telecommunications services as well as 911 services. The fund will also provide matching funds with federal money from the Broadband Equity, Access, and Deployment Program.
- It should be noted that most of the supporters of this bill are telecom companies (Comcast, AT&T, etc.) who would be the ones being paid to develop new internet access.

**Voting for this measure would:** support amending the state constitution to create the broadband infrastructure fund to finance broadband and telecommunications projects.

**Proposition 9**

**Ballot language:** "The constitutional amendment authorizing the 88th Legislature to provide a cost-of-living adjustment to certain annuitants of the Teacher Retirement System of Texas."

**What it means:**

- During the regular session, lawmakers passed Senate Bill 10, which would provide some retired Texas teachers with cost-of-living raises to their monthly pension checks. For some, this is the first raise they will see in almost 20 years.
- But to afford these raises, lawmakers need to ask voters to allow them to use \$3.3 billion from the general revenue fund and move it to the retired teachers fund.

**Voting for this measure would:** authorize the state legislature to make cost-of-living adjustments to certain annuitants, as defined by law. "Annuitants" are persons who receive service retirement benefits, disability retirement benefits, or death benefits from the Teacher Retirement System of Texas.

**Proposition 10**

**Ballot language:** "The constitutional amendment to authorize the legislature to exempt from ad valorem taxation equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain."

**What it means:**

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

- This amendment would exempt those from a facility's overall property values, leading to a potential decrease in their taxes. The new exemption would cost districts some \$207 million in estimated revenue over the next five years, according to a financial analysis.
- Supporters of the exemption say that it will encourage more manufacturers in the industry to locate in Texas, lower healthcare costs and strengthen the medical supply chain.
- Detractors say that school districts are already strapped for money and that the same goals can be achieved without lowering their revenue. They also point out that the amendment doesn't keep taxing entities from raising tax rates to make up for the loss.
- Obviously biomedical and pharma companies are supporters of this amendment.

**Voting for this measure would:** authorize the state legislature to provide for an ad valorem tax exemption on equipment and inventory manufactured by medical or biomedical companies.

### **Proposition 11**

**Ballot language:** "The constitutional amendment authorizing the legislature to permit conservation and reclamation districts in El Paso County to issue bonds supported by ad valorem taxes to fund the development and maintenance of parks and recreational facilities."

#### **What it means:**

- Eleven counties' conservation and reclamation districts are currently permitted to issue bonds supported by property taxes to fund recreational development and improvement. This proposed amendment would add El Paso County to the list.
- Conservation and reclamation districts aid in managing stormwater storage, land irrigation and the conservation and development of forests within their designated boundaries.
- Critics of the amendment say it could cause property taxes to increase for El Paso County residents.

**Voting for this measure would:** authorize the state legislature to permit conservation and reclamation districts in El Paso County to issue bonds to fund parks and recreational facilities.

### **Proposition 12**

**Ballot language:** "The constitutional amendment providing for the abolition of the office of county treasurer in Galveston County."

#### **What it means:**

- If passed by a majority of Texans and Galveston County residents, this amendment would abolish Galveston County's office of the county treasurer, an office that exists in other counties.
- The office's current role is to act as a bank for the county, which includes overseeing county investments, maintaining records of deposits and withdrawals and ensuring the safety of county funds. The Commissioner's Court of Galveston County would be

allowed to employ or contract an existing county official or other qualified person to complete tasks previously under the office.

- Galveston County’s current treasurer, Hank Dugie, ran on eliminating the position and said in a campaign video the office is, “redundant and a waste of more than half a million dollars each year.”

**Voting for this measure would:** provide for the abolishment of the Galveston County treasurer and authorizing the county to employ or contract a qualified person or designate another county officer to fulfill the function previously performed by the treasurer.

### **Proposition 13**

**Ballot language:** "The constitutional amendment to increase the mandatory age of retirement for state justices and judges."

**What it means:**

- Voters will decide if state judges can retire at 79, instead of the current mandatory retirement age of 75. Proposition 13 would also increase the minimum retirement age from 70 to 75 for state judges.
- Legal groups advocating for the change argued that more people are working later into their careers than previous generations. Supporters say extending this mandatory retirement age will minimize judicial turnover by keeping elected public servants, who are willing to do this work, on the bench.
- I can’t find detractors, but people might be uncomfortable with judges staying on the bench until 79.

**Voting for this measure would:** increase the mandatory retirement age for state judges and justices from 75 to 79.

### **Proposition 14**

**Ballot language:** "The constitutional amendment providing for the creation of the centennial parks conservation fund to be used for the creation and improvement of state parks."

**What it means:**

- Texas ranks 35th in the nation for state park acreage per capita, according to a report by Environment Texas. This pressured lawmakers to propose investing more than \$1 billion for state parks, which advocates said would create “a new golden age” for the park system.
- The funding would go to buying more land for the state parks system.

**Voting for this measure would:** create the Centennial Parks Conservation Fund—a trust fund for the creation and improvement of state parks.