

TO: Board of Directors
FROM: Public Policy Council
**SUBJECT: Texas Constitutional Amendments
on the November 5, 2019 General
Election Ballot**



STATUS: ADOPTED

DATE: October 24, 2019

RECOMMENDATION: The San Antonio Chamber of Commerce supports nine of the ten Texas Constitutional amendments on the November 5, 2019 general election ballot. The Chamber has no recommendation in relation to Proposition 4.

During the 86th Texas Legislative Session, which closed on May 27th, 2019, our Legislators passed ten amendments to the Texas Constitution that will go to Texas voters on November 5th. The propositions range from topics such as:

- A dedicated revenue stream for preservation and maintenance of state parks
- The expansion of bonding capacity for the Cancer Prevention and Research Institute of Texas
- Creation of the Flood Infrastructure Fund, and
- The issuance of \$200 Million by the Texas Water Development Board for projects in economically distressed areas, to name a few.

Three propositions are of particular importance to improving San Antonio and the surrounding region:

- **Proposition 5** established a dedicated revenue stream for the preservation and maintenance of state parks and historic sites. San Antonio is home to numerous UNESCO World Heritage sites such as the Alamo and San Antonio Missions.
- **Proposition 6** expands the Cancer Prevention and Research Institute of Texas, which has helped UT Health San Antonio remain one of the country's leading health sciences universities.
- **Proposition 8** allows for the creation of the flood infrastructure fund to assist in the financing of drainage, flood mitigation, and flood control projects.

The following is a listing of the Propositions and a brief synopsis on each:

PROPOSITION 1

The constitutional amendment permitting a person to hold more than one office as a municipal judge at the same time.

OVERVIEW

Under current law, elected municipal judges are not allowed to hold a judgeship in another city at the same time, while appointed judges can. The Texas Constitution, however, forbids any elected officials from holding multiple offices. Proposition 1 will bring the rules for elected municipal judges in line with those for appointed judges.

PROPOSITION 2

The constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$200 million to provide financial assistance for the development of certain projects in economically distressed areas.

OVERVIEW

The Texas Water Development Board issues these bonds to help local governments develop sewer and water supply services in economically distressed areas. Voters approved \$250 million in funding for 1989 and an additional \$250 million in 2007.

PROPOSITION 3

The constitutional amendment authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of the certain property damaged by a disaster.

OVERVIEW

A law passed in 2019 that would allow the legislature to temporarily or permanently reduce tax rates on property damaged in an area that has been issued a disaster declaration by the governor. The Constitution prohibits tax exemptions.

PROPOSITION 4

The constitutional amendment prohibiting the imposition of an individual income tax, including a tax on an individual's share of partnership and unincorporated association income.

OVERVIEW

The amendment, if approved, would explicitly prohibit Texas in the future from ever creating a state income tax. Texas is one of nine states that does not have a broad-based personal income tax. The Texas Constitution already contains provisions that would control the possibility of adopting an income tax. The "Bullock Amendment," adopted in 1993 (Art. 8, sec. 24), gives voters final control over any future income tax by requiring approval by a statewide referendum before an income tax could take effect. Proposition 4 would repeal the "Bullock Amendment" and its protections, leaving a complete prohibition against the Legislature "imposing a net income tax on individuals."

If this amendment passes, a future Legislature adopting an income tax would have to send a new amendment to the voters. Placing a constitutional amendment on the ballot requires a two-thirds vote of both the House and the Senate.

Texas is growing rapidly, and revenue needs have increased dramatically in the last decade. We cannot be sure now what the state's needs and priorities may be in 20 or 30 years, so we should allow Texans living then to determine their own priorities. To meet the growing educational and health care needs of the state, we need revenue options. This amendment would only place unnecessary hurdles for future generations to overcome in order to make their own choices about how to support public services like education, health care, and transportation.

PROPOSITION 5

The constitutional amendment dedicating the revenue received from the existing state sales and use taxes that are imposed on sporting goods to the Texas Parks and Wildlife Department and the Texas Historical Commission to protect Texas' natural areas, water quality, and history by acquiring, managing, and improving state and local parks and historic sites while not increasing the rate of the state sales and use taxes.

OVERVIEW

Between 1993 and 2017, only 40% of tax revenue from the sale of sporting goods in Texas has gone to the Texas Parks and Wildlife Department. Current law states that tax revenue from the sale of sporting goods in Texas is supposed to help fund Texas Parks and Wildlife Department and the Texas Historical Commission. It is estimated that the Texas Parks and Wildlife Department have an estimated \$800 million in deferred maintenance.

PROPOSITION 6

The constitutional amendment authorizing the legislature to increase by \$3 billion the maximum bond amount authorized for the Cancer Prevention and Research Institute of Texas (CPRIT).

OVERVIEW

CPRIT supports the most creative ideas and meritorious projects brought forward by the cancer research community in Texas. Ten percent of CPRIT funds support the delivery of evidence-based cancer prevention interventions to underserved populations in Texas. CPRIT creates and supports infrastructure in Texas that accelerates the movement of new cancer drugs, diagnostics, and therapies from the laboratory to the patient. In 2019, UT Health San Antonio faculty researchers received \$3 million in new grants from CPRIT. CPRIT has helped UT Health San Antonio remain one of the country's leading health science universities. CPRIT has added an estimated \$719.8 million to Texas GDP since its creation in 2007.

PROPOSITION 7

The constitutional amendment allowing increased distributions to the available school fund.

OVERVIEW

Under current law, revenues from state owned lands are invested in the Permanent School Fund. A portion of the interest revenue is then paid to the Available School Fund for school district operations. The State Board of Education is not currently permitted to transfer any funds to the

Available School Fund, and the General Land Office can only distribute up to \$300 million a year, this proposition would increase that to \$600 million a year. The Permanent School Fund had a \$44.07 billion balance and \$4.05 billion in revenue in FY 2018.

PROPOSITION 8

The constitutional amendment providing for the creation of the flood infrastructure fund to assist in the financing of drainage, flood mitigation, and flood control projects.

OVERVIEW

The proposition will create a flood infrastructure fund to assist in the financing of drainage, flood mitigation and flood control projects. The fund will be housed by the Texas Water Development Board and funding will be appropriated from the state’s Rainy Day Fund. Voter approval of the amendment would also automatically move \$793 million from the Rainy Day fund to the new fund to start paying for projects.

PROPOSITION 9

The constitutional amendment authorizing the legislature to exempt from ad valorem taxation precious metal held in a precious metal depository located in this state.

OVERVIEW

The proposition would exempt from taxation precious metals held in a precious metal depository in the state. Current Texas law requires all real and tangible personal property to be taxed on its value unless exempted. Other states do not tax precious metals, putting Texas, at a competitive disadvantage.

PROPOSITION 10

The constitutional amendment to allow the transfer of a law enforcement animal to a qualified caretaker in certain circumstances.

OVERVIEW:

Currently, law enforcement animals, such as police dogs, are classified as property. Texas law prohibits the government to transfer property to private citizens for free. This would allow for law enforcement animals to be given to private citizens for free, when appropriate.