

Proposition 3

(H.J.R. 132, 88th Leg., R.S.)

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.

SUMMARY ANALYSIS

H.J.R. 132 would amend the Texas Constitution to prohibit the legislature from imposing a tax on the wealth or net worth of individuals or families. The prohibition would specifically cover a tax on the amount equal to the difference between the assets and liabilities of an individual or family.

BACKGROUND AND DETAILED ANALYSIS

Texas does not currently impose a state tax on the wealth or net worth of an individual or family. However, because Section 1, Article VIII, Texas Constitution, requires or authorizes, under certain circumstances, the taxation of both tangible and intangible property, a tax on an individual's or family's wealth or net worth, such as a property tax on an individual's stock holdings or bank accounts, is not strictly prohibited by the Texas Constitution.

H.J.R. 132 amends Article VIII, Texas Constitution, by adding Section 25, which would prohibit the imposition of a tax on the wealth or net worth of individuals or families, including a tax based on the difference between the assets and liabilities of an individual or family.

SUMMARY OF COMMENTS

The following comments supporting or opposing the proposed amendment reflect positions that were presented in committee proceedings, during house or senate floor debate, or in the analysis of the resolution prepared by the House Research Organization (HRO) when the resolution was considered by the House of Representatives.

Comments by Supporters

- Enshrining a ban on a wealth tax in the Texas Constitution now will ensure that a future legislature cannot impose such a tax without the consent of voters.
- Prohibiting the imposition of a wealth tax will help ensure that Texans know they will not be penalized for working to create wealth.
- Wealth taxes discourage economic innovation and investment and can lead to stagnation. Many European countries that previously imposed a wealth tax have since repealed the tax due to negative economic consequences.

Comments by Opponents

- The current legislature cannot anticipate how the needs of the state will change over time, so it would be better to let future legislatures decide how to address future needs. A constitutional ban means that even if a majority of people support a wealth tax in the future, a minority of legislators in either chamber could block it.
- This measure is unnecessary because a wealth tax has not been proposed in Texas.

Text of H.J.R. 132

A JOINT RESOLUTION

proposing a constitutional amendment prohibiting the imposition of an individual net worth or wealth tax.

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

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 25 to read as follows:

Sec. 25. The legislature may not impose a tax based on the wealth or net worth of an individual or family, including a tax based on the difference between the assets and liabilities of an individual or family.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: “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.”

House Author: Hefner et al.

Senate Sponsor: Hughes

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