

BILL ANALYSIS

H.B. 925
By: Eiland
Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are many small cities in Texas that set their property tax rates at the rollback rate each year. Changing the rollback rate by statute will allow small cities the option of adding property tax revenue without the risk of a rollback petition and rollback election. This bill will amend the Tax Code to allow "Small Taxing Units" to use a rollback rate of 10% from its current level of 8% where it has remained unchanged since 1979.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Amends Chapter 26 of the Tax Code by adding Section 26.042

Sec. 26.042

(a) This section applies to taxing units to which 26.052 applies unless the taxing unit adopts a rate that would have made Section 26.052 inapplicable.

(b) The rollback rate shall be calculated according to the applicable formulas except for the factor by which the effective maintenance and operations rate or last years maintenance and operations expense is multiplied. Ten percent will be used instead of eight percent.

EFFECTIVE DATE

January 1st, 2004