Senate Research Center   S.B. 4
                                                                                                                 By: Williams
                                                                                                                     Finance
                                                                                                                   6/22/2005
                                                                                                                    As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, the rollback formula provides a taxing jurisdiction with the same amount of revenue it received during the last fiscal year plus an additional eight percent and sufficient funds to pay debts during the coming year. The resulting rate is the highest rate a taxing jurisdiction may adopt before local taxpayers can petition for an election to roll back the adopted rate.

As proposed, S.B. 4 reduces the eight percent "cushion" to five percent and changes the petition requirements for a rollback election. The bill also changes current law by requiring a petition for a rollback election to be signed by 10 percent of the voters in the taxing unit who voted in the most recent gubernatorial election and requiring petitions for elections relating to certain maintenance and operation taxes to be signed by seven percent of the voters in the taxing unit who voted in the most recent gubernatorial election.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 26.04(c), Tax Code, to redefine "rollback tax rate."

SECTION 2. Amends Section 26.041 (a), (b), and (c), Tax Code, as follows:

> (a) Provides that in the first year in which an additional sales and use tax is required to be collected, the effective tax rate and rollback tax rate for the unit are calculated according to certain formulas.

> (b) Provides that in a year in which a taxing unit imposes an additional sales and use tax the rollback tax rate for the unit is calculated according to a certain formula, except as provided by Subsections (a) and (c), regardless of whether the unit levied a property tax in the preceding year.

> (c) Provides that in a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax the effective tax rate and rollback tax rate for the unit are calculated according to certain formulas.

SECTION 3. Amends Section 26.07(b), Tax Code, as follows:

Provides that a petition is valid only if, among other requirements, it is signed by a number of registered voters of the taxing unit equal to at least seven percent of the number of voters of the taxing unit who voted in the most recent gubernatorial election, rather than seven percent of registered voters of the taxing unit according to the most recent list of registered voters, if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of at least $5 million; or 10 percent of the number of voters of the taxing unit who voted in the most recent gubernatorial election if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of less than $5 million. Makes conforming changes.

SECTION 4. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a taxing unit beginning with the 2005 tax year, except as provided by Subsection (b) of this section.

(b) Provides that if the governing body of a taxing unit adopted an ad valorem tax rate for the taxing unit for the 2005 tax year before the effective date of this Act, the change in law made by this Act applies to the ad valorem tax rate of that taxing unit beginning with the 2006 tax year, and the law in effect when the tax rate was adopted applies to the 2005 tax year with respect to that taxing unit.

SECTION 5. Effective date: Upon passage or on the 91st day after the last day of the legislative session.