BILL ANALYSIS

Senate Research Center
79R18011 JD-D

C.S.H.B. 1006
By: Isett (Janek)
Finance
5/20/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Chapter 26 (Assessment), Tax Code, requires a taxing unit to comply with truth-in-taxation laws in adopting its tax rates. These laws serve to make taxpayers aware of tax rate proposals and to allow taxpayers, in certain cases, to roll back or limit a tax increase.

C.S.H.B. 1006 is intended to further empower and better inform local taxpayers and change the process by which higher appraisals automatically provide new tax revenue to taxing entities.

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 Subsections (b) and (d), Section 26.05, Tax Code, as follows:

(b) Requires the vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate to be a record vote. Requires a motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate to be made in a certain form. Sets forth the appropriate language of the form. Requires the taxing unit, if the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, to include certain text in the ordinance, resolution, or order and on the home page of any Internet website operated by the unit.

(d) Prohibits the governing body of a taxing unit other than a school district from adopting a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate, rather than 103 percent of the effective tax rate, calculated as provided by this chapter until the governing body has held two, rather than one, public hearings on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. Makes a conforming change.

SECTION 2. Amends Sections 26.06(a)-(e), Tax Code, as follows:

(a) Prohibits the second hearing from being held earlier than the third day after the date of the first hearing. Makes conforming changes.

(b) Prohibits the notice of each of the public hearings from being smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and requires the headline on the notice to be in 18-point or larger type. Sets forth and amends the appropriate language for the notice.

(c) Requires the notice, if the taxing unit operates an Internet website, to be posted on the website from the date the notice is first published until the second public hearing is concluded. Makes conforming changes.

(d) Amends the text included in the notice described in this subsection. Makes conforming changes.

(e) Makes conforming changes.

SECTION 4. Amends Section 26.07, Tax Code, to provide that a petition is only valid if it signed by a number of registered voters of a taxing unit equal to at least a certain percentage of the number of registered voters of the taxing unit.

SECTION 5. Amends Section 31.01, Tax Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Requires the tax bill or a separate statement accompanying the tax bill to state certain information relating to real property.

(c-1) Requires the tax bill or statement to state that the information is not available for that year if for any of the preceding six tax years any information required under Subsection (c)(11) or (12) to be included in a tax bill or separate statement is unavailable.

SECTION 6. Repealer: Section 26.06(f) (requiring the comptroller to prescribe the language and format to be used in the notice), Tax Code.

SECTION 7. (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 8. Effective date: upon passage or September 1, 2005.