

## **BILL ANALYSIS**

Senate Research Center

S.B. 18  
By: Williams, Janek  
Finance  
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Enrolled

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

S.B. 18 addresses state requirements for public notification when a taxing jurisdiction proposes increasing its property tax rate. Currently, a local government (other than a public school district) must publish notice in a newspaper and hold a public hearing before it may adopt a tax rate exceeding 103 percent of the rate necessary to generate the previous year's tax revenue using the current year's appraised value (the "effective tax rate").

S.B. 18 compels a taxing jurisdiction, if proposing any increase in the rate above the effective tax rate, to hold two public hearings in two separate weeks. This ensures property taxpayers have adequate notification and an opportunity to hold their elected officials to a higher level of accountability on the total amount of property taxes being assessed. S.B. 18 also eliminates the requirement that local taxpayers petition to hold an election to roll back the adopted tax rate, sending a proposed tax increase directly to the voters.

### **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 Sections 26.05(b) and (d), 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 specified form. Sets forth the appropriate language for 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 take certain actions.

(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 calculated as provided by this chapter until the governing body has held two, rather than a single, public hearings on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. Makes conforming changes.

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) Makes conforming changes. Sets forth the appropriate language to be contained in the notice addressed in this subsection.

(c) Makes a conforming change. 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.

(d) and (e) Make conforming changes.

SECTION 3. Amends Section 26.065(d), Tax Code, to make a conforming change.

SECTION 4. Amends Section 26.07(b), Tax Code, to set forth conditions under which a petition [for requiring an election in the tax unit on the question of reducing the tax rate] is valid.

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.

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

SECTION 6. Repealer: Section 26.06(f) (relating to the comptroller of public accounts determining the language for the notice described), Tax Code.

SECTION 7. (a) Makes application of this Act applicable to the 2005 tax year, except as provided by Subsection (b).

(b) Makes application of this Act, if the governing body of a taxing unit has adopted an ad valorem tax rate for the taxing unit for the 2005 tax year before the effective date of this Act, prospective to the 2006 tax year.

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