

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 15, 2005**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB1006** by Isett (Relating to certain limitations on the ad valorem tax rates of certain taxing units.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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This bill would reduce the maintenance and operations rollback rate factor to 1.03 from 1.08 for all taxing units except school districts.

The bill would require a county or city imposing property taxes of \$5 million or more to publish notices and to hold a public hearing for any proposed tax increase above the effective tax rate. Current law permits adoption of a rate up to 3 percent above the effective tax rate before published ads and public hearings are required. The bill would require a county or city imposing taxes of \$5 million or more to publish in newspaper ads the percentage increase in the proposed tax rate above the effective tax rate.

Since the bill does not apply to school districts, no impact to the State is anticipated.

**Local Government Impact**

Since the bill would reduce the maintenance and operations rollback rate factor, it may provide an incentive for the applicable taxing units to set future tax rates at a lower amount than the taxing units might approve under current law.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe