

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 23, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB3189 by Howard, Charlie (Relating to the notice of the public hearings to be held on a proposal to increase the total ad valorem tax revenues of a taxing unit.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 26.06 of the Tax Code concerning notices, hearings, and votes on tax rate increases.

The bill would require a taxing unit to hold public hearings relative to a proposal on a tax increase. The first hearing would be held for discussion. The second hearing would record the name of all members of the governing body, showing how each voted on the proposal to consider the tax increase or if one or more were absent, indicating the absences.

The proposed hearing notice for adoption of tax rates to taxpayers would contain the average taxable value of a residence homestead in the unit for the preceding year and the tax on the average taxable value of a residence homestead in the unit for the preceding year. The notice would indicate that if the governing body adopts the proposed tax rate, the average taxes imposed on the average homestead would be a certain amount of dollars.

The bill would remove current required information from the notice of tax rate adoption concerning: (1) comparison of proposed budget with last year's budget; (2) appraised value information concerning new property not taxable in the preceding year; (3) the amount of a unit's bonded indebtedness; (4) prior year adopted tax rate; and (5) average homestead values differentiated by certain homestead exemptions.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS