

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: HB3534 by Isett, Carl (Relating to certain limitations on the ad valorem tax rates of certain taxing units.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 26 of the Tax Code to reduce the maintenance and operations rollback rate factor to 1.05 from 1.08 for all taxing units except school districts.

The bill would add Section 26.046 to the Tax Code to allow a taxing unit other than a school district to reduce its rollback rate to reflect unfunded state mandates.

The Comptroller would, before September 1 following a regular legislative session and before the 90th day following a special session of the Legislature, publish a list of legislative mandates for which the Legislature had not provided reimbursement to taxing units and remove from the list legislative mandates from previous sessions. A taxing unit would be allowed to request of the Comptroller inclusion of legislative mandates not included in the Comptroller's list. The Comptroller's list would be published by the Secretary of State in the Texas Register.

The bill would provide that, as a substitute to a reduction in the rollback rate for unfunded mandates, a city or county could, at its option, substitute as a reduction in its rollback rate the sum of one percent plus the consumer price index percentage change, not to exceed eight percent, for the proposed 1.05 rollback rate factor. The State Auditor would determine the consumer price index for publication in the Texas Register no later than July 1 of each year.

The bill would provide that a taxpayer rollback election petition would be valid if signed by 10 percent of the number of registered voters of the taxing unit who voted in the most recent gubernatorial election.

The bill would re-enact and amend Section 49.236 of the Water Code to include the 1.05 rollback rate factor for water districts and re-enact current tax rate notice requirements.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no 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

The fiscal impact of the bill would depend on future actions by taxing units relative to the adoption of property tax rates. The Comptroller's Property Tax Division does not receive or maintain information that would be helpful in predicting the future behavior of units of local government.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JOB, CT, SD, SJS