

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 27, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1638 by Williams (Relating to the calculation of an effective tax rate and certain notice requirements for local taxing jurisdictions.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Sections 26.012, 26.04, and 26.06 of the Tax Code to change current requirements for taxing units other than school districts to calculate, publish, and conduct public hearings on property tax rates.

The bill would amend Section 26.012 to remove the deduction for new property from the calculation of current total value in the formula for determining a taxing unit's effective maintenance and operations rate.

The bill would amend Section 26.04 to: 1) remove the deduction for lost property levy from the calculation of last year's levy; and 2) remove the deduction for new property value from the calculation of current total value, in the formula for determining a taxing unit's effective tax rate.

In addition, the bill would require a taxing unit to make available, upon request by a property owner, and include on the home page of any Internet website operated by the taxing unit, current statutory information concerning the taxing unit's effective and rollback tax rates, debt obligation, sales tax information (if applicable), discontinued functions from the preceding year, and whether the taxing unit was increasing or decreasing its tax rate from the preceding year. The bill would remove current language requiring a taxing unit to deliver this information by mail to each property owner in the unit or publish this information in a newspaper.

The bill would amend Section 26.06 to require hearings to discuss and adopt property tax rate increases to be held on weekdays after 6:00 p.m. or on a Saturday. It would add additional required public notice language stating that the taxing unit was proposing to increase total tax revenues from the preceding year. If a taxing unit proposed a tax rate that exceeded the unit's rollback rate, the unit would have to provide written notice to each single-family homestead owner in the taxing unit informing each owner of rollback election provisions in the Tax Code.

The bill would repeal Section 26.06(b), which requires specific language in a newspaper publication of a taxing unit's notice of public hearing on a proposed tax increase.

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

The bill would take effect January 1, 2008.

Local Government Impact

Passage of the bill would change the manner in which taxing units, other than school districts, calculate, publish, and conduct public hearings on proposed property tax increases. The fiscal impact of the bill cannot be determined, because the Comptroller's Property Tax Division cannot predict the

future behavior of taxing units in setting local tax rates.

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

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