

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 19, 2009

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

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

IN RE: HB2291 by Gattis (Relating to the procedure to be used by a taxing unit in adopting an ad valorem tax rate.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 26.05(b) of the Tax Code, regarding local taxing units adopting a rate for ad valorem taxes.

The bill would add a new phrase to the mandatory language required to be used in a motion to set a tax rate higher than the effective tax rate. The additional phrase would state the percentage by which the proposed tax rate would exceed the effective tax rate.

The bill would also require additional language stating the percentage increase to be included in the ordinance, resolution or order if the taxing unit proposes to adopt a tax rate that, if applied to the total taxable value, would impose an amount of taxes for maintenance and operations that exceeds the amount of taxes imposed for that purpose in the preceding year.

The bill would affect property tax rate adoption procedures but would not set tax rates, affect appraised values, or affect property tax exemptions. As a result, there would be no fiscal effect on the state or local taxing units.

The 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, 2009.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SJS, MN, SD