

BILL ANALYSIS

H.B. 874
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are concerns that the notice for public hearings related to property tax rate increases has become so complicated that taxpayers no longer pay attention. H.B. 874 seeks to return the notice to a simpler form, in addition to making other changes to the provision of information by tax officials related to property tax rates.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 874 amends the Tax Code to remove from the information that a chief appraiser is required to include in the notice sent to a property owner regarding the appraised value of the owner's property the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year if the appraised value is greater than it was in the preceding year.

H.B. 874 changes the deadline by which the assessor for a taxing unit is required to submit the appraisal roll for the unit to the unit's governing body from August 1 or as soon thereafter as practicable to the 21st day after the date the appraisal roll is certified to the assessor. The bill changes the deadline by which the taxing unit's collector is required to certify an estimate of the current year's collection rate to the governing body from August 1 or as soon thereafter as practicable to the 21st day after the date the appraisal roll is certified by the assessor. The bill sets a deadline by which an officer or employee designated by the governing body is required to calculate the effective tax rate and the rollback tax rate for the unit at the 30th day after the date the appraisal roll is certified to the assessor, and adds to the rates required to be calculated, by that same deadline, the same services tax rate. The bill establishes the formula for determining the same services tax rate and provides that the same services tax rate for a county is the sum of the same services tax rates calculated for each type of tax the county levies.

H.B. 874 changes the deadline by which the designated officer or employee is required to submit the tax rates to the taxing unit's governing body from August 7 or as soon thereafter as practicable to the fifth day after the date the designated officer or employee completes the required tax rate calculations and requires the officer or employee, by that deadline, to provide to the chief appraiser in the form prescribed by the comptroller of public accounts the effective tax rate, the same services tax rate, the rollback tax rate, and an explanation of how the rates were calculated.

H.B. 874 sets a deadline by which the designated officer or employee is required to deliver by mail to each property owner in the taxing unit or publish in a newspaper in the form prescribed by the comptroller certain tax information of at least 14 days before the date of the first meeting of the unit's governing body to consider the budget for the current tax year. The bill revises the tax information required to be mailed or published to include the last year's tax rate, rather than

the effective tax rate, the same services tax rate, rather than the rollback tax rate, the tax rate required to fund the budget for the current tax year, and an explanation of the tax rates' meaning, in addition to how they were calculated. The bill adds to the tax information required to be mailed or published a statement, including an example calculation, that the tax liability of any parcel of taxable property can be derived by multiplying the property's taxable value as computed on the basis of the notice of appraised value delivered by the appraisal district by each tax rate and a statement that adoption by the governing body of a tax rate for the current year that is higher than the same services tax rate will constitute an overall tax increase. The bill removes from the information required to be mailed or published the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation; a schedule of the unit's debt obligations; the amount of any anticipated additional sales and use tax revenue; a statement relating to an increase or decrease, as applicable, in the amount of taxes imposed by the unit as compared to the last year's levy if the unit were to adopt a tax rate equal to the effective tax rate; a schedule relating to property tax revenue spent by the unit to operate a discontinued department, function, or activity; and a schedule relating to revenue spent by the unit to operate a department, function, or activity for which the unit raised the rollback tax rate.

H.B. 874 establishes the formula for the same services tax rate for the first year in which an additional sales and use tax is required to be collected and for a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose the additional tax. The bill establishes the formula for the same services tax rate for the first year in which an additional sales and use tax is increased and for the first year in which the additional sales and use tax is decreased, for purposes of projections of the revenue generated by the additional sales and use tax required to be made by a taxing unit's designated officer or employee.

H.B. 874 includes the same services tax rates among the tax rates affected by provisions of law relating to the imposition of a municipal mass transit sales and use tax, a tax rate increase triggered by the state criminal justice mandate, and a tax rate adjustment triggered by the enhanced minimum eligibility standards for indigent health care.

H.B. 874 changes the deadline by which the governing body of each taxing unit is required to adopt a tax rate for the current tax year from the later of September 30 or the 60th day after the date the certified appraisal roll is received to the later of September 30 or the 90th day after that date. The bill replaces references to the effective tax rate with references to the same services tax rate in certain tax rate adoption procedures, including references to the rate that the governing body of a taxing unit other than a school district is prohibited from exceeding until the governing body complies with certain notice and hearing requirements. The bill establishes the tax rate for a taxing unit if the designated officer or employee of the unit does not comply with the provision relating to the submission and notice of the unit's effective, same services, and roll back taxes by the applicable dates and the failure to comply was caused by circumstances beyond the designated officer's or employee's control, such as a natural disaster. The bill removes language establishing the tax rate for a taxing unit if the governing body of the unit fails to adopt a tax rate before the required date. The bill requires the applicable governing body of a taxing unit, before giving notice of the public hearings on a proposed tax increase, to take a record vote on a proposal to place consideration of an increase in taxes on the agenda for the meeting at which the governing body will adopt the tax rate and sets out the required language of the motion for the vote. The bill adds a statement relating to how the amount of taxes on a parcel of taxable property can be derived to the statements required to be included in the notice of a public hearing on a tax increase.

H.B. 874 makes conforming changes, including changes relating to the replacement of the rollback tax rate with the same services rate. The bill defines "last year's maintenance and operations levy," "last year's maintenance and operations rate," and "same services tax rate." The bill makes its provisions applicable only to a tax year beginning on or after the bill's effective

date.

H.B. 874 repeals Sections 26.044(c) and 26.0441(c), Tax Code, requiring a county to include a notice of the increase in the effective maintenance and operation rate for the state criminal justice mandate and for indigent health care in the notice required to be delivered or published by the designated officer or employee.

EFFECTIVE DATE

January 1, 2012.