

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 28, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB874 by Howard, Charlie (Relating to the provision of information by tax officials related to ad valorem tax rates.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 25 and 26 of the Tax Code, regarding property taxation, to require that not later than the 30th day after the date the appraisal roll is certified to the assessor, the governing body's designee would calculate a new "same services tax rate" in addition to the other rates required under current law. The same services rate would be based on the maintenance and operations (M&O) levy from the previous year plus the levy from new property as if it were taxed at last year's M&O rate. The Comptroller would be required to prescribe the form in which the same services tax rate and other required rates are to be submitted to the taxing unit governing body and the chief appraiser by the governing body's designee. The designee would be required to deliver the rates to taxpayers or publish them in a newspaper along with examples, statements, and explanations in the form prescribed by the Comptroller.

The bill would replace "effective tax rate" with "same services tax rate" as one of two benchmark tax rates (effective tax rate and rollback rate in current law) the lower of which, if exceeded in a tax rate proposal, triggers notices and public hearings. The same services tax rate would replace the effective tax rate in certain other tax rate adoption procedures.

The bill would require that before giving notice of the required public hearing a taxing unit's governing body must take a record vote on placing a proposed tax rate increase on the agenda of the public hearing and specifies that the motion for the vote include that it is "a proposal to increase property taxes."

The bill would make other conforming changes to these chapters of the Tax Code.

School districts would be excepted from the changes the bill would require.

The bill would establish a new calculated tax rate for use in triggering notices and hearings and would change certain tax rate adoption procedures. These changes could make it more difficult for taxing units other than school districts to increase tax rates. Because the future rate adoption decisions of taxing units cannot be predicted and because the proposed changes would not directly change taxable values, adopted tax rates, or any other variable affecting property tax revenues, the fiscal effect on local taxing units other than school districts cannot be estimated. There would be no fiscal impact on the state or school districts.

The bill would take effect on January 1, 2012, and would apply only to a tax year beginning on or after that date

Local Government Impact

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units other than school districts to increase tax rates.

Source Agencies: 304 Comptroller of Public Accounts

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