

BILL ANALYSIS

Senate Research Center

S.B. 182
By: Bettencourt
Finance
1/26/2015
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, taxpayers can be faced with up to eight percent annual growth in their city, county, and special district property taxes, for which they have no resource under the Tax Code. If the rate of growth exceeds eight percent, their only resource is a time-consuming and expensive drive to request to hold an election to rollback the tax rate.

S.B. 182 gives voters more control over the rate of growth of their city, county, and special district taxes. Instead of taxpayers having to petition to keep their taxes low, cities, counties, and special districts have to justify to voters why their bills should go up by more than four percent.

S.B. 182 does this by amending Sections 26.04, 26.041, and 26.08 of the Tax Code to change the rollback tax rate calculation for cities, counties, and special districts to only allow them to gain four percent additional property tax revenue each year from growth in property values without voter approval. The bill repeals the current petition requirement entirely.

S.B. 182 will not affect school districts, which already have to have their property tax rates ratified by voters. Nor will it cut the amount of taxes collected by cities, counties, and special districts. S.B. 182 will slow the rate of growth of city, county, and special district property taxes and will give voters the authority to approve how much additional revenue their city, county, and special district will raise.

As proposed, S.B. 182 amends current law relating to the calculation of the ad valorem rollback tax rates of certain taxing units.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 26.04, Tax Code, by amending Subsection (c) and adding Subsections (c-1) and (c-2), as follows:

(c) Changes the multiplier from to 1.08 to 1.04 in the formula for calculating the rollback tax rate.

(c-1) Authorizes the designated officer or employee, notwithstanding any other provision of this section, to substitute "1.08" for "1.04" in the calculation of the rollback tax rate if:

(1) any part of the taxing unit is located in an area declared a disaster area by the governor of Texas or the president of the United States during the current tax year.

(2) [Note: Bill as drafted does not contain Subsection (c-1)(2).]

SECTION 2. Amends Section 26.041, Tax Code, by amending Subsections (a), (b), and (c) and adding Subsections (c-1) and (c-2), as follows:

(a) Changes reference a to ROLLBACK RATE to ROLLBACK TAX RATE, and makes conforming and nonsubstantive changes.

(b) Changes a reference to TOTAL CURRENT VALUE to CURRENT TOTAL VALUE, and makes conforming and nonsubstantive changes.

(c) Makes conforming changes.

(c-1) Provides that, notwithstanding any other provision of this section, the designated officer or employee may substitute "1.08" for "1.04" in the calculation of the rollback tax rate if:

(1) any part of the taxing unit is located in an area declared a disaster area by the governor of Texas or the president of the United States during the current tax year.

(2) [Note: Bill as drafted does not contain Subsection (c-1)(2).]

SECTION 3. Amends Section 26.08, Tax Code, by amending Subsections (a), (b), (d), (d-1) and (d-2), as follows:

Sec. 26.08. New heading: ELECTION TO RATIFY TAXES. (a) Changes references to school district to taxing unit.

(b), (d), (d-1), and (d-2) Makes conforming changes.

SECTION 4. Reenacts Section 49.236, Water Code, as added by Chapters 248 (H.B. 1541) and 335 (S.B. 392), Acts of the 78th Legislature, Regular Session, 2003, and amends it, as follows:

Sec. 49.236. NOTICE OF TAX HEARING. (a) Requires the governing body of a district (board) to give notice of each meeting of the board at which the adoption of a tax rate will be considered before the board adopts an ad valorem tax rate for the district for debt service, operation and maintenance purposes, or contract purposes. Sets forth the required language and form of the notice, which includes text providing that if taxes on the average residence homestead increase by more than four, rather than eight, percent the taxpayers have a right to a rollback election.

(b)-(c) Makes no changes to these subsections.

(d) Changes references to 1.08 to 1.04 when calculating the rollback tax rate, and makes a nonsubstantive change.

(e) Provides that, notwithstanding any other provision of this section, the board may substitute "eight percent" for "four percent" in Subsection (a) and "1.08" for "1.04" in Subsection (d) if:

(1) any part of the district is located in an area declared a disaster area by the governor of Texas or the president of the United States during the current tax year.

SECTION 5. Repealer: Section 26.07 (Election to Repeal Increase), Tax Code.

SECTION 6. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a taxing unit beginning with the 2015 tax year, except as provided by Subsection (b) of this section.

(b) Provides that, if the governing body of a taxing unit adopted an ad valorem tax rate for the taxing unit for the 2015 tax year before the effective date of this Act, the change in law made by this Act applies to the ad valorem tax rate of that taxing unit beginning

with the 2016 tax year, and the law in effect when the tax rate was adopted applies to the 2015 tax year with respect to that taxing unit.

SECTION 7. Effective date: upon passage or September 1, 2015.