

BILL ANALYSIS

C.S.S.B. 1760
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties have expressed multiple concerns regarding the transparency and equitable application of property tax procedures. C.S.S.B. 1760 seeks to address these concerns.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.S.B. 1760 amends the Tax Code to authorize a lessee designated by a property owner as the owner's agent for property tax purposes to designate a person, subject to the property owner's approval, to act as the lessee's agent for any purpose related to property taxes for which the lessee is authorized to act on behalf of the owner in connection with the owner or the owner's property. The bill specifies that a lessee's designated agent has the same authority and is subject to the same limitations as an agent designated by a property owner. The bill authorizes a property tax form that requires a signature to be signed by means of an electronically captured handwritten signature and specifies that a property tax form is not invalid or unenforceable solely because the form is a photocopy, facsimile, or electronic copy of the original.

C.S.S.B. 1760 requires the comptroller of public accounts to annually prepare a list that includes the total tax rate imposed by each taxing unit in Texas other than a school district, if the tax rate is reported to the comptroller, for the year preceding the year in which the list is prepared. The bill requires the comptroller to list the tax rates in descending order. The bill requires the comptroller to publish the list on the comptroller's website not later than December 31 of each year.

C.S.S.B. 1760 establishes that a person whose late application for a homestead exemption is approved is not required to apply for a refund on the amount of tax imposed on the exempted amount in order to receive the refund. The bill establishes that a property owner whose tax liability decreases as the result of a correction to a tax roll made after the tax has been paid is not required to apply for a refund on the difference between the tax paid and the tax legally due in order to receive the refund.

C.S.S.B. 1760 establishes a minimum threshold for the adoption by the governing body of a taxing unit other than a school district of an ordinance, resolution, or order setting a property tax rate that exceeds the effective tax rate set at an affirmative vote of 60 percent of the governing

body's members. The bill sets the same minimum threshold for the adoption by the governing body of a school district of an ordinance, resolution, or order setting a tax rate that exceeds the sum of the district's effective maintenance and operations tax rate and current debt rate and requires the vote to be a record vote, like that for a vote on an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate for a taxing unit other than a school district.

C.S.S.B. 1760 revises the notice of a meeting at which a taxing unit governing body will vote on a proposed tax rate increase to include a description of the purpose of the increase. The bill revises the ballot proposition in an election to ratify a school district property tax rate that exceeds the school district's rollback rate to include a description of the purpose of the increase.

C.S.S.B. 1760, effective January 1, 2020, authorizes a district court, if an appraisal district employee testifies as to the value of real property in an appeal of an appraisal review board order regarding an excessive or unequal appraisal, to give preference to an employee who is a person authorized to perform an appraisal of real estate under the Texas Appraiser Licensing and Certification Act.

C.S.S.B. 1760 changes from a variable annual rate calculated according to a specified formula and capped at eight percent to an annual rate set at 9.5 percent the rate of interest that accrues until a refund is made for the difference between the amount of taxes paid and amount of taxes for which the property owner is liable if the final determination of an appeal of an appraisal review board order to a district court that decreases a property owner's tax liability occurs after the property owner has paid the property owner's property taxes.

C.S.S.B. 1760 amends the Local Government Code to revise the notice that a county or municipality that proposes a property tax rate that exceeds the lower of the effective tax rate or the rollback tax rate is required to provide to include a description of the purpose of the tax rate increase. The bill changes the deadline for a county or municipality to provide a notice of a proposed tax rate and to post such notice on the county's or municipality's website from not later than September 1 to not later than the later of September 1 or the 30th day after the first date that the taxing unit has received each applicable certified appraisal roll.

C.S.S.B. 1760 amends the Water Code to require the inclusion of a description of the purpose of a proposed tax increase in the required notice of a tax hearing if a water district proposes to adopt a combined tax rate that would authorize the qualified voters of the district by petition to require a rollback election to be held in the district.

EFFECTIVE DATE

Except as otherwise provided, January 1, 2016.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1760 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Sections 1.111(f) and (j), Tax Code, are amended to read as follows:

No equivalent provision

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1.111, Tax Code, is amended by adding Subsection (a-1) and amending Subsections (f) and (j) to read as follows:

(a-1) A lessee designated by a property

owner as the owner's agent under Subsection (a) may, subject to the property owner's approval, designate a person to act as the lessee's agent for any purpose under this title for which the lessee is authorized to act on behalf of the owner in connection with the owner or the owner's property. An agent designated by a lessee under this subsection has the same authority and is subject to the same limitations as an agent designated by a property owner under Subsection (a).

No equivalent provision

(f) A property owner in writing filed with the appraisal district may direct the appraisal district, appraisal review board, and each taxing unit participating in the appraisal district to deliver all notices, tax bills, refunds, orders, and other communications relating to one or more specified items of the owner's property to a specified person instead of to the property owner. The instrument must clearly identify the person by name and give the person's address to which all notices, tax bills, refunds, orders, and other communications are to be delivered. The property owner may but is not required to designate the person's agent for other tax matters designated under Subsection (a) as the person to receive all notices, tax bills, refunds, orders, and other communications. The designation of an agent for other tax matters under Subsection (a) may also provide that the agent is the person to whom notices, tax bills, refunds, orders, and other communications are to be delivered under this subsection.

(j) An individual exempt from registration as a property tax consultant under Section 1152.002, Occupations Code, who is not supervised, directed, or compensated by a person required to register as a property tax consultant under that chapter and who files a protest with the appraisal review board on behalf of the property owner is entitled to receive all notices from the appraisal district and appraisal review board regarding the property subject to the protest until the authority is revoked by the property owner as provided by this section. An individual to which this subsection applies who is not designated by the property owner to receive notices, tax bills, refunds, orders, and other communications as provided by Subsection (f) or Section 1.11 shall file a statement with

the protest that includes:

- (1) the individual's name and address;
- (2) a statement that the individual is acting on behalf of the property owner; and
- (3) a statement of the basis for the individual's exemption from registration under Section 1152.002, Occupations Code.

No equivalent provision.

SECTION 2. Chapter 5, Tax Code, is amended.

SECTION 3. Section 11.431(b), Tax Code, is amended.

SECTION 4. Section 26.05(b), Tax Code, is amended to read as follows:

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate." If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of

SECTION 2. Section 5.07, Tax Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) A property tax form that requires a signature may be signed by means of an electronically captured handwritten signature.

(e) A property tax form is not invalid or unenforceable solely because the form is a photocopy, facsimile, or electronic copy of the original.

SECTION 3. Same as engrossed version.

SECTION 4. Same as engrossed version.

SECTION 5. Section 26.05(b), Tax Code, is amended to read as follows:

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. For a taxing unit other than a school district, the [The] vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the effective maintenance and operations tax rate of the district as determined under Section 26.08(i) and the district's current debt rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. A motion to adopt an ordinance, resolution, or order setting a tax rate that

taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

(2) include on the home page of any Internet website operated by the unit:

(A) the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

exceeds the effective tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate." If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."; and

(2) include on the home page of any Internet website operated by the unit:

(A) the following statement: "(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$(Insert amount)."

SECTION 5. Section 26.06(d), Tax Code, is amended.

SECTION 6. Section 26.15(f), Tax Code, is amended.

SECTION 7. Section 26.08(b), Tax Code, is amended.

SECTION 8. Section 42.23, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) When an appraisal district employee testifies as to the value of real property in an appeal under Section 42.25 or 42.26, the court may give preference to an employee who is a person authorized to perform an appraisal of real estate under Section 1103.201, Occupations Code.

SECTION 9. Section 42.43(b), Tax Code, is amended.

SECTION 10. Sections 140.010(e) and (f), Local Government Code, are amended to read as follows:

(e) A county or municipality that proposes a property tax rate that exceeds the lower of the effective tax rate or the rollback tax rate shall provide the following notice:

"NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

"A tax rate of \$_____ per \$100 valuation has been proposed for adoption by the governing body of (insert name of county or municipality). This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate. The governing body of (insert name of county or municipality) proposes to use revenue attributable to the tax rate increase for the purpose of (description of purpose of increase).

PROPOSED TAX RATE \$_____ per \$100
PRECEDING YEAR'S TAX RATE \$_____ per \$100

EFFECTIVE TAX RATE\$_____ per \$100
ROLLBACK TAX RATE\$_____ per \$100

"The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for (insert name of county or

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SECTION 8. Same as engrossed version.

SECTION 9. Section 42.23, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) If an appraisal district employee testifies as to the value of real property in an appeal under Section 42.25 or 42.26, the court may give preference to an employee who is a person authorized to perform an appraisal of real estate under Section 1103.201, Occupations Code.

SECTION 10. Same as engrossed version.

SECTION 11. Sections 140.010(e) and (f), Local Government Code, are amended to read as follows:

(e) A county or municipality that proposes a property tax rate that exceeds the lower of the effective tax rate or the rollback tax rate shall provide the following notice:

"NOTICE OF (INSERT CURRENT TAX YEAR) TAX YEAR PROPOSED PROPERTY TAX RATE FOR (INSERT NAME OF COUNTY OR MUNICIPALITY)

"A tax rate of \$_____ per \$100 valuation has been proposed for adoption by the governing body of (insert name of county or municipality). This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate. The governing body of (insert name of county or municipality) proposes to use revenue attributable to the tax rate increase for the purpose of (description of purpose of increase).

PROPOSED TAX RATE \$_____ per \$100
PRECEDING YEAR'S TAX RATE \$_____ per \$100

EFFECTIVE TAX RATE\$_____ per \$100
ROLLBACK TAX RATE\$_____ per \$100

"The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for (insert name of county or

municipality) from the same properties in both the (insert preceding tax year) tax year and the (insert current tax year) tax year.

"The rollback tax rate is the highest tax rate that (insert name of county or municipality) may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

"YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount = (rate) x (taxable value of your property) / 100

"For assistance or detailed information about tax calculations, please contact:

(insert name of county or municipal tax assessor-collector)

(insert name of county or municipality) tax assessor-collector

(insert address)

(insert telephone number)

(insert e-mail address)

(insert Internet website address, if applicable)

"You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: (insert date and time) at (insert location of meeting).

Second Hearing: (insert date and time) at (insert location of meeting)."

(f) A county or municipality shall:

(1) provide the notice required by Subsection (d) or (e), as applicable, by the earlier of October [not later than September] 1 or the 30th day after the date the taxing unit's appraisal roll is certified by:

(A) publishing the notice in a newspaper having general circulation in:

(i) the county, in the case of notice published by a county; or

(ii) the county in which the municipality is located or primarily located, in the case of notice published by a municipality; or

(B) mailing the notice to each property owner in:

(i) the county, in the case of notice provided by a county; or

(ii) the municipality, in the case of notice provided by a municipality; and

(2) post the notice on the Internet website of the county or municipality, if applicable, beginning by the earlier of October [not later than September] 1 or the 30th day after

municipality) from the same properties in both the (insert preceding tax year) tax year and the (insert current tax year) tax year.

"The rollback tax rate is the highest tax rate that (insert name of county or municipality) may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

"YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

property tax amount = (rate) x (taxable value of your property) / 100

"For assistance or detailed information about tax calculations, please contact:

(insert name of county or municipal tax assessor-collector)

(insert name of county or municipality) tax assessor-collector

(insert address)

(insert telephone number)

(insert e-mail address)

(insert Internet website address, if applicable)

"You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: (insert date and time) at (insert location of meeting).

Second Hearing: (insert date and time) at (insert location of meeting)."

(f) A county or municipality shall:

(1) provide the notice required by Subsection (d) or (e), as applicable, not later than the later of September 1 or the 30th day after the first date that the taxing unit has received each applicable certified appraisal roll by:

(A) publishing the notice in a newspaper having general circulation in:

(i) the county, in the case of notice published by a county; or

(ii) the county in which the municipality is located or primarily located, in the case of notice published by a municipality; or

(B) mailing the notice to each property owner in:

(i) the county, in the case of notice provided by a county; or

(ii) the municipality, in the case of notice provided by a municipality; and

(2) post the notice on the Internet website of the county or municipality, if applicable, beginning not later than the later of September 1 or the 30th day after the first

the date the taxing unit's appraisal roll is certified and continuing until the county or municipality adopts a tax rate.

SECTION 11. Subchapter H, Chapter 49, Water Code, is amended.

SECTION 12. (a) Except as provided by Subsection (b), the changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

(b) The change in law made by this Act to a provision of Title 1, Tax Code, that affects the amount or rate of any penalty or interest due applies only to penalties and interest that accrue on or after the effective date of this Act. Penalties and interest that accrued before the effective date of this Act are governed by the law in effect when the penalties and interest accrued, and that law is continued in effect for that purpose.

SECTION 13. (a) Except as provided by Subsection (b) of this section, this Act takes effect January 1, 2016.

(b) Section 42.23(i), Tax Code, as added by this Act, takes effect January 1, 2020.

date that the taxing unit has received each applicable certified appraisal roll and continuing until the county or municipality adopts a tax rate.

SECTION 12. Same as engrossed version.

SECTION 13. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 14. Same as engrossed version.