

By: Bettencourt

S.B. No. 1692

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the establishment of a limit on the maximum ad valorem
3 tax rate of a county or municipality for a tax year based on
4 inflation and the rate of population growth.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 26, Tax Code, is amended by adding
7 Section 26.046 to read as follows:

8 Sec. 26.046. ANNUAL LIMIT ON TAX RATE OF COUNTY OR
9 MUNICIPALITY. (a) In this section:

10 (1) "Consumer price index" means the index that the
11 comptroller considers to most accurately report changes in the
12 purchasing power of the dollar for consumers in this state.

13 (2) "Inflation rate" means the amount, expressed in
14 decimal form rounded to the nearest thousandth, computed by
15 determining the percentage change in the consumer price index for
16 the most recent 12-month period for which the index can be
17 determined as compared to the consumer price index for the 12-month
18 period preceding that period.

19 (3) "Population growth rate" means the annual rate of
20 growth of a county's or municipality's population, as applicable,
21 as determined in accordance with the most recent annual population
22 estimates provided by the state demographer under Section 468.004,
23 Government Code, expressed in decimal form rounded to the nearest
24 thousandth.

1 (b) By July 1 or as soon thereafter as practicable, the
2 comptroller shall determine the rate of inflation in this state and
3 publish that rate in the Texas Register.

4 (c) The governing body of a county or municipality may not
5 adopt a tax rate for a tax year that exceeds the rate, expressed in
6 dollars per \$100 of taxable value, computed by:

7 (1) multiplying the total amount of funds received by
8 the county or municipality from all sources during the preceding
9 tax year by the sum of 1 and the population growth rate;

10 (2) multiplying the amount computed under Subdivision
11 (1) by the sum of 1 and the inflation rate;

12 (3) subtracting from the amount computed under
13 Subdivision (2) the amount of revenue estimated to be received by
14 the county or municipality in the current tax year from all sources
15 other than ad valorem taxes; and

16 (4) dividing the amount computed under Subdivision (3)
17 by the current total value for the county or municipality.

18 (d) By August 7 or as soon thereafter as practicable, an
19 officer or employee designated by the governing body of a county or
20 municipality shall calculate the rate described by Subsection (c)
21 and submit the rate to the governing body of the county or
22 municipality.

23 (e) Notwithstanding Subsection (c), the governing body of a
24 county or municipality may adopt a tax rate for a tax year that
25 exceeds the rate computed under that subsection if:

26 (1) before the adoption of a tax rate for that tax year
27 the county or municipality pledged the taxes for payment of a debt;

1 and

2 (2) adopting a rate less than or equal to the rate
3 computed under that subsection would impair the obligation of the
4 contract creating the debt.

5 SECTION 2. (a) The change in law made by this Act applies to
6 the ad valorem tax rate of a county or municipality beginning with
7 the 2015 tax year, except as provided by Subsection (b) of this
8 section.

9 (b) If the governing body of a county or municipality
10 adopted an ad valorem tax rate for the county or municipality for
11 the 2015 tax year before the effective date of this Act, the change
12 in law made by this Act applies to the ad valorem tax rate of that
13 county or municipality beginning with the 2016 tax year, and the law
14 in effect when the tax rate was adopted applies to the 2015 tax year
15 with respect to that county or municipality.

16 SECTION 3. This Act takes effect immediately if it receives
17 a vote of two-thirds of all the members elected to each house, as
18 provided by Section 39, Article III, Texas Constitution. If this
19 Act does not receive the vote necessary for immediate effect, this
20 Act takes effect September 1, 2015.