

BILL ANALYSIS

Senate Research Center
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S.B. 1267
By: Taylor, Larry
Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1267 amends Section 26.08, Tax Code, to establish that, for purposes of an election to ratify school taxes, the rollback tax rate of a public school district whose maintenance and operations (M&O) tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value and whose adopted tax rate was ratified at an election in the 2006 tax year or any subsequent tax year is the higher of the amount provided by state law or the sum of the district's current debt rate and the highest M&O tax rate adopted by the district for the 2007 tax year or any subsequent tax year in which the district's adopted tax rate was approved at an election to ratify school taxes.

Due to the costs of tax ratification elections, school districts that may have the temporary ability to provide citizens with M&O tax relief are put in a position where they ultimately don't lower the tax rate due to the need for near-term full-scale elections to go back to the previously adopted rate, even if that higher rate has been previously authorized by the electorate.

This provision applies only to such a school district that has adopted a tax rate equal to or higher than the rollback tax rate for any tax year in the preceding 10 tax years.

S.B. 1267 requires the Texas comptroller of public accounts (comptroller) to conduct a study to determine the number of school districts that adopt a property tax rate for the tax year in which the bill takes effect.

S.B. 1267 requires the comptroller to report the results of the study to each member of the legislature not later than December 1, 2019.

As proposed, S.B. 1267 amends current law relating to school district ad valorem tax rates.

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 26.08, Tax Code, by adding Subsections (q) and (r), as follows:

(q) Provides that this subsection applies only to a school district (district) described by Subsection (n) (relating to the rollback tax rate of certain districts) whose adopted tax rate was approved at an election under this section (Election to Ratify School Taxes) in the 2006 tax year or any subsequent tax year. Provides that, notwithstanding Subsection (n), the rollback tax rate of the district is the higher of:

(1) the amount computed under Subsection (n); or

(2) the sum of the following:

(A) the highest maintenance and operations tax rate adopted by the district for the 2007 tax year or any subsequent tax year in which the district's adopted tax rate was approved at an election under this section; and

(B) the district's current debt rate.

(r) Provides that Subsection (q) applies to a school district only if the district has adopted a tax rate equal to or higher than the provided rate for any tax year in the preceding 10 tax years.

SECTION 2. (a) Requires the Texas comptroller of public accounts (comptroller) to conduct a study to determine:

(1) the number of districts that adopt an ad valorem tax rate for the tax year in which this Act takes effect that is lower than the district's ad valorem tax rate for the tax year preceding that tax year and then, for the tax year following the tax year in which this Act takes effect, adopt an ad valorem tax rate that is higher than the district's ad valorem tax rate for the tax year in which this Act takes effect; and

(2) the number of districts that adopted an ad valorem tax rate for the second tax year preceding the tax year in which this Act takes effect that was lower than the district's ad valorem tax rate for the tax year preceding that tax year and then, for the tax year preceding the tax year in which this Act takes effect, adopted an ad valorem tax rate that was higher than the district's ad valorem tax rate for the second tax year preceding the tax year in which this Act takes effect.

(b) Requires the comptroller to report the results of the study to each member of the legislature not later than December 1, 2019.

SECTION 3. (a) Provides that the change in law made by this Act applies to the ad valorem tax rate of a district beginning with the 2017 tax year, except as provided by Subsection (b).

(b) Provides that, if the governing body of a district adopted an ad valorem tax rate for the district for the 2017 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 district beginning with the 2018 tax year, and the law in effect when the tax rate was adopted applies to the 2017 tax year with respect to that district.

SECTION 4. Effective date: upon passage or September 1, 2017.