

BILL ANALYSIS

Senate Research Center
85R10230 SMH-D

S.B. 1360
By: Watson
Finance
4/6/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1360 provides more information to property taxpayers about where their tax dollars are going and how they are being spent. Specifically, S.B. 1360 would provide information to taxpayers about their property taxes related to their local school district, which is typically the largest component of the property tax statement. Taxpayers deserve to know how much of their tax bill is being sent to the local school district, how much is being sent to the state for recapture, and how much is being spent on facilities/capital costs.

Because of the complexities of the school finance system, most taxpayers are not aware of how their local property taxes contribute to the total system. These individuals see their local property tax bills increasing, and often assume that this increase results in their local school district receiving those extra dollars. However, in many instances, the increased independent school district property tax dollars do not result in increased funding for the neighborhood school, but instead offsets the state's obligation to fund the public education system. By including this information on the tax bill or related tax estimates, property taxpayers will have a better understanding of how their tax dollars are being used and increase the transparency surrounding the school finance system.

As proposed, S.B. 1360 amends current law relating to the provision to a property owner by certain tax officials of certain information regarding the ad valorem taxes imposed on the owner's property.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas comptroller of public accounts is modified in SECTION 1 (Section 1.085, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 1.085(e) and (g), Tax Code, as follows:

(e) Requires the Texas comptroller of public accounts (comptroller) by rule to prescribe certain methods and criteria for the electronic transmission of notices required by Section 25.19 (Notice of Appraised Value) or given under Section 25.191, rather than required by Section 25.19 only.

(g) Makes a conforming change.

SECTION 2. Amends Section 25.19, Tax Code, by adding Subsections (b-3), (b-4), (b-5), (b-6), and (b-7), as follows:

(b-3) Provides that Subsections (b-4), (b-5), (b-6), and (b-7) apply only to a notice required by Subsection (a) (relating to the requirement of the chief appraiser to provide written notices to certain property owners) that:

(1) includes the information described by Subsection (b)(5) (relating to certain notices relating to appraised values); and

(2) is for property that is located in a school district that, for the school year beginning in the current tax year, has entered into an agreement with the commissioner of education (commissioner) to purchase average daily attendance (ADA) credits as provided by Subchapter D (Purchase of Attendance Credit), Chapter 41 (Equalized Wealth Level), Education Code, in an amount sufficient, in combination with any other actions taken under that chapter, to reduce the school district's wealth per student to a level that is equal to or less than the equalized wealth level as determined by the commissioner under that chapter.

(b-4) Requires the notice, in addition to any other information required by this section, to include a certain statement and sets forth the contents of the statement.

(b-5) Requires the chief appraiser to compute for the current tax year the estimate of the amount of taxes to be imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities based on the tax rates adopted by the school district under Sections 26.05(a)(2) (relating to a certain rate needed to fund maintenance and operations expenditures) and (1) (relating to a rate that imposes certain total amounts), respectively, for the preceding tax year. Requires the chief appraiser to compute for the current tax year the estimate of the amount of taxes to be imposed by the school district on the property that are to be paid to the state by applying a certain formula.

(b-6) Requires the chief appraiser to compute for the preceding two tax years the amount of taxes imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities as well as the amount of taxes imposed by the school district that were used to pay the state in the manner provided by Subsection (b-5) but based on the tax rates actually adopted by the school district for each of those years.

(b-7) Requires the school district, on request of the chief appraiser, to provide the chief appraiser any information necessary to perform the calculations described by Subsections (b-5) and (b-6).

SECTION 3. Amends Chapter 25, Tax Code, by adding Section 25.191, as follows:

Sec. 25.191. NOTICE OF TAXES ACTUALLY IMPOSED ON PROPERTY BY TAXING UNITS. (a) Authorizes the chief appraiser, as an alternative to including the information described by Section 25.19(b)(5) in a notice to a property owner required by Section 25.19(a), if applicable, or in addition to including that information in that notice, to after each of the taxing units that tax the property has adopted a tax rate for the current tax year, provide a notice to the property owner of the taxes actually imposed on the property by the taxing units.

(b) Provides that Section 25.19(h) (relating to requiring that certain notices be in the form of a letter) applies to a notice given under this section in the same manner as that subsection applies to a notice given under Section 25.19(a) or (g) (relating to the requirement for written notices to be provided to certain property owners).

(c) Provides that Subsections (d), (e), (f), and (g) apply only to a notice given under this section that is for property that is located in a school district, that for the school year beginning in the current tax year, has entered into an agreement with the commissioner to purchase ADA credits as provided by Subchapter D, Chapter 41, Education Code, in an amount sufficient, in combination with any other actions taken under that chapter, to reduce the school district's wealth per student to a level that is equal to or less than the equalized wealth level as determined by the commissioner under that chapter.

(d) Requires the notice, in addition to any other information required by this section, to include a certain statement and sets forth the contents of the statement.

(e) Requires the chief appraiser to compute for the current tax year the amount of taxes imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities based on the tax rates adopted by the school district under Sections 26.05(a)(2) and (1), respectively for the current tax year. Requires the chief appraiser to compute for the current tax year the amount of taxes imposed by the school district on the property that are to be paid to the state by applying a certain formula.

(f) Requires the chief appraiser to compute for the preceding two years the amount of taxes imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities as well as the amount of taxes imposed by the school district that were used to pay the state in the manner provided by Subsection (e) but based on the tax rates adopted by the school district for each of those years.

(g) Requires the school district, on request of the chief appraiser, to provide the chief appraiser any information necessary to perform the calculations described by Subsections (e) and (f).

SECTION 4. Amends Section 31.01, Tax Code, by adding Subsections (d-2), (d-3), (d-4), and (d-5), as follows:

(d-2) Provides that this subsection and Subsections (d-3), (d-4), and (d-5) apply only to a school district that, for the school year beginning in the current tax year, has entered into an agreement with the commissioner to purchase ADA credits as provided by Subchapter D, Chapter 41, Education Code, in an amount sufficient, in combination with any other actions taken under that chapter, to reduce the school district's wealth per student to a level that is equal to or less than the equalized wealth level as determined by the commissioner under that chapter. Requires the tax bill or the separate statement, in addition to any other information required by this section, to include a certain statement and sets forth the contents of the statement.

(d-3) Requires the assessor for the school district to compute for the current tax year the amount of taxes imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities based on the tax rates adopted by the school district under Sections 26.05(a)(2) and (1), respectively, for the current tax year. Requires the assessor to compute for the current tax year the amount of taxes imposed by the school district on the property that are to be paid to the state by applying a certain formula.

(d-4) Requires the assessor for the school district to compute for the preceding two tax years the amount of taxes imposed by the school district on the property to fund maintenance and operations of the school district and to pay for facilities as well as the amount of taxes imposed by the school district that were used to pay the state in the manner provided by Subsection (d-3) but based on the tax rates adopted by the school district for each of those years.

(d-5) Requires the school district to, on request of the assessor for the school district, provide the assessor any information necessary to perform the calculations described by Subsections (d-3) and (d-4).

SECTION 5. (a) Makes application of Section 25.19, Tax Code, as amended by this Act, and Section 25.191, Tax Code, as added by this Act, prospective.

(b) Makes application of Section 31.01, Tax Code, as amended by this Act, prospective.

SECTION 6. Effective date: January 1, 2018.