

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 20, 2017**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1426 by Hancock (Relating to the calculation and dissemination of certain ad valorem tax rates.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend Chapter 26 of the Tax Code, regarding property tax assessment, to define:

1. "adjusted effective tax rate" as the effective tax rate of a taxing unit as otherwise calculated under this chapter, except that new property value is not deducted from current total value in calculating the rate; and
2. "adjusted rollback tax rate" as the rollback tax rate of a taxing unit as otherwise calculated under this chapter, except that new property value is not deducted from current total value in calculating the effective maintenance and operations rate.

The officer or employee designated by a taxing unit would be required to calculate the adjusted effective tax rate and the adjusted rollback tax rate for the taxing unit. The adjusted effective tax rate and the adjusted rollback tax rate and an explanation of how they were calculated would be required to be included in certain specified notices.

In addition to the calculation of the effective and rollback tax rates, the bill would require the calculation of an adjusted effective tax rate and adjusted rollback tax rate with new property included. The inclusion of new property in this calculation yields lower tax rates. The bill would require the publication of these lower tax rates but would not require their use in any calculation that would affect adopted tax rates; consequently the bill would not create any fiscal impact.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017. The bill would apply to the property tax rate of a taxing unit beginning with the 2017 tax year unless a taxing unit adopted a tax rate for the 2017 tax year before the effective date.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS