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By:  Springer H.B. No. 2431

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the commissioners court of a county to impose an additional vehicle registration fee and the effect of the fee on county ad valorem tax rates.

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

SECTION 1.  Sections 26.01(c) and (d), Tax Code, are amended to read as follows:

(c)  The chief appraiser shall prepare and certify to the assessor for each taxing unit a listing of those properties which are taxable by that unit but which are under protest and therefore not included on the appraisal roll approved by the appraisal review board and certified by the chief appraiser. This listing shall include the appraised market value, productivity value (if applicable), and taxable value as determined by the appraisal district and shall also include the market value, taxable value, and productivity value (if applicable) as claimed by the property owner filing the protest if available. If the property owner does not claim a value and the appraised value of the property in the current year is equal to or less than its value in the preceding year, the listing shall include a reasonable estimate of the market value, taxable value, and productivity value (if applicable) that would be assigned to the property if the taxpayer's claim is upheld. If the property owner does not claim a value and the appraised value of the property is higher than its appraised value in the preceding year, the listing shall include the appraised market value, productivity value (if applicable), and taxable value of the property in the preceding year, except that if there is a reasonable likelihood that the appraisal review board will approve a lower appraised value for the property than its appraised value in the preceding year, the chief appraiser shall make a reasonable estimate of the taxable value that would be assigned to the property if the property owner's claim is upheld. The taxing unit shall use the lower value for calculations as prescribed in Sections 26.04, [~~and~~] 26.041, and 26.042 [~~of this code~~].

(d)  The chief appraiser shall prepare and certify to the assessor for each taxing unit a list of those properties of which the chief appraiser has knowledge that are reasonably likely to be taxable by that taxing unit but that are not included on the appraisal roll certified to the assessor under Subsection (a) or included on the listing certified to the assessor under Subsection (c). The chief appraiser shall include on the list for each property the market value, appraised value, and kind and amount of any partial exemptions as determined by the appraisal district for the preceding year and a reasonable estimate of the market value, appraised value, and kind and amount of any partial exemptions for the current year. Until the property is added to the appraisal roll, the assessor for the taxing unit shall include each property on the list in the calculations prescribed by Sections 26.04, [~~and~~] 26.041, and 26.042, and for that purpose shall use the lower market value, appraised value, or taxable value, as appropriate, included on or computed using the information included on the list for the property.

SECTION 2.  Section 26.04(e), Tax Code, is amended to read as follows:

(e)  By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee [~~He~~] shall deliver by mail to each property owner in the taxing unit or publish in a newspaper in the form prescribed by the comptroller:

(1)  the effective tax rate, the rollback tax rate, and an explanation of how they were calculated;

(2)  the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation;

(3)  a schedule of the taxing unit's debt obligations showing:

(A)  the amount of principal and interest that will be paid to service the taxing unit's debts in the next year from property tax revenue, including payments of lawfully incurred contractual obligations providing security for the payment of the principal of and interest on bonds and other evidences of indebtedness issued on behalf of the taxing unit by another political subdivision and, if the taxing unit is created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, payments on debts that the taxing unit anticipates to incur in the next calendar year;

(B)  the amount by which taxes imposed for debt are to be increased because of the taxing unit's anticipated collection rate; and

(C)  the total of the amounts listed in Paragraphs (A)-(B), less any amount collected in excess of the previous year's anticipated collections certified as provided in Subsection (b);

(4)  the amount of additional sales and use tax revenue anticipated in calculations under Section 26.041;

(4-a)  the amount of additional vehicle registration fee revenue anticipated in calculations under Section 26.042;

(5)  a statement that the adoption of a tax rate equal to the effective tax rate would result in an increase or decrease, as applicable, in the amount of taxes imposed by the taxing unit as compared to last year's levy, and the amount of the increase or decrease;

(6)  in the year that a taxing unit calculates an adjustment under Subsection (i) or (j), a schedule that includes the following elements:

(A)  the name of the taxing unit discontinuing the department, function, or activity;

(B)  the amount of property tax revenue spent by the taxing unit listed under Paragraph (A) to operate the discontinued department, function, or activity in the 12 months preceding the month in which the calculations required by this chapter are made; and

(C)  the name of the taxing unit that operates a distinct department, function, or activity in all or a majority of the territory of a taxing unit that has discontinued operating the distinct department, function, or activity; and

(7)  in the year following the year in which a taxing unit raised its rollback tax rate as required by Subsection (j), a schedule that includes the following elements:

(A)  the amount of property tax revenue spent by the taxing unit to operate the department, function, or activity for which the taxing unit raised the rollback tax rate as required by Subsection (j) for the 12 months preceding the month in which the calculations required by this chapter are made; and

(B)  the amount published by the taxing unit in the preceding tax year under Subdivision (6)(B).

SECTION 3.  Chapter 26, Tax Code, is amended by adding Section 26.042 to read as follows:

Sec. 26.042.  TAX RATE OF COUNTY IMPOSING ADDITIONAL MOTOR VEHICLE REGISTRATION FEE. (a) In the first year in which a county imposes an additional vehicle registration fee under Section 502.401(a-1), Transportation Code, the effective tax rate and rollback tax rate for the county are calculated according to the following formulas:

EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - ADDITIONAL VEHICLE REGISTRATION FEE GAIN RATE

and

ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE - ADDITIONAL VEHICLE REGISTRATION FEE GAIN RATE

where "additional vehicle registration fee gain rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the anticipated revenue generated by the imposition of the additional vehicle registration fee authorized under Section 502.401(a-1), Transportation Code, in the following year as calculated under Subsection (d) of this section by the current total value.

(b)  Except as provided by Subsections (a) and (c) of this section, in a year in which a county imposes an additional vehicle registration fee under Section 502.401(a-1), Transportation Code, the rollback tax rate for the county is calculated according to the following formula:

ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - ADDITIONAL VEHICLE REGISTRATION FEE RATE)

where "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional vehicle registration fees authorized under Section 502.401(a-1), Transportation Code, in the preceding year, and "additional vehicle registration fee rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the imposition of the additional vehicle registration fee authorized under Section 502.401(a-1), Transportation Code, in the current year as calculated under Subsection (d) of this section by the current total value.

(c)  In a year in which a county that has been imposing an additional vehicle registration fee under Section 502.401(a-1), Transportation Code, ceases to impose the fee, the effective tax rate and rollback tax rate for the county are calculated according to the following formulas:

EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + ADDITIONAL VEHICLE REGISTRATION FEE LOSS RATE

and

ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

where "additional vehicle registration fee loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of revenue generated by the imposition of the additional vehicle registration fee authorized under Section 502.401(a-1), Transportation Code, in the preceding year by the current total value, and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional vehicle registration fees authorized under Section 502.401(a-1), Transportation Code, in the preceding year.

(d)  In order to determine the amount of revenue generated by the imposition of the additional vehicle registration fee under Section 502.401(a-1), Transportation Code, for purposes of this section the designated officer or employee shall use the amount of the additional vehicle registration fee imposed under that subsection in the current year and the number of vehicles registered in the county for the preceding year to project the additional vehicle registration fee revenue for the current tax year. If the amount of the additional vehicle registration fee is increased or reduced, the projection to be used for the first tax year after the effective date of the increase or reduction shall be adjusted to exclude any revenue gained or lost due to the increase or reduction. The designated officer or employee may request from the appropriate county assessor-collector the number of vehicle registrations in the county in the applicable year. The county assessor-collector shall provide the requested information.

(e)  If the amount of the additional vehicle registration fee authorized under Section 502.401(a-1), Transportation Code, is increased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) of this section, of the revenue generated by the additional vehicle registration fee in the following year. The first projection must take into account the increase and the second projection must not take into account the increase. The officer or employee shall then subtract the amount of the result of the second projection from the amount of the result of the first projection to determine the revenue generated as a result of the increase in the additional vehicle registration fee. In the first year in which an additional vehicle registration fee is increased, the effective tax rate for the county is the effective tax rate before the increase minus a number the numerator of which is the revenue generated as a result of the increase in the additional vehicle registration fee, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

(f)  If the amount of the additional vehicle registration fee authorized under Section 502.401(a-1), Transportation Code, is decreased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) of this section, of the revenue generated by the additional vehicle registration fee in the following year. The first projection must take into account the decrease and the second projection must not take into account the decrease. The officer or employee shall then subtract the amount of the result of the first projection from the amount of the result of the second projection to determine the revenue lost as a result of the decrease in the additional vehicle registration fee. In the first year in which an additional vehicle registration fee is decreased, the effective tax rate for the county is the effective tax rate before the decrease plus a number the numerator of which is the revenue lost as a result of the decrease in the additional vehicle registration fee, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

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

(a)  The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year and shall notify the assessor for the taxing unit of the rate adopted. The tax rate consists of two components, each of which must be approved separately. The components are:

(1)  for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount published under Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue or additional vehicle registration fee revenue that will be used to pay debt service, or, for a school district, the rate calculated under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

(2)  the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the taxing unit for the next year.

SECTION 5.  Section 31.01, Tax Code, is amended by adding Subsection (i-2) to read as follows:

(i-2)  For a county that imposes an additional vehicle registration fee under Section 502.401(a-1), Transportation Code, the tax bill shall indicate the amount of additional ad valorem taxes, if any, that would have been imposed on the property if additional ad valorem taxes had been imposed in an amount equal to the amount of revenue estimated to be collected from the additional vehicle registration fee for the year determined as provided by Section 26.042 of this code.

SECTION 6.  Section 502.401, Transportation Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  In addition to the fee authorized under Subsection (a), the commissioners court of a county by order may impose an additional fee, not to exceed $15, for registering a vehicle in the county.

SECTION 7.  This Act takes effect January 1, 2020.