

By: Springer

H.B. No. 2431

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the authority of the commissioners court of a county to  
3 impose an additional vehicle registration fee and the effect of the  
4 fee on county ad valorem tax rates.

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

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

8 (c) The chief appraiser shall prepare and certify to the  
9 assessor for each taxing unit a listing of those properties which  
10 are taxable by that unit but which are under protest and therefore  
11 not included on the appraisal roll approved by the appraisal review  
12 board and certified by the chief appraiser. This listing shall  
13 include the appraised market value, productivity value (if  
14 applicable), and taxable value as determined by the appraisal  
15 district and shall also include the market value, taxable value,  
16 and productivity value (if applicable) as claimed by the property  
17 owner filing the protest if available. If the property owner does  
18 not claim a value and the appraised value of the property in the  
19 current year is equal to or less than its value in the preceding  
20 year, the listing shall include a reasonable estimate of the market  
21 value, taxable value, and productivity value (if applicable) that  
22 would be assigned to the property if the taxpayer's claim is upheld.  
23 If the property owner does not claim a value and the appraised value  
24 of the property is higher than its appraised value in the preceding

1 year, the listing shall include the appraised market value,  
2 productivity value (if applicable), and taxable value of the  
3 property in the preceding year, except that if there is a reasonable  
4 likelihood that the appraisal review board will approve a lower  
5 appraised value for the property than its appraised value in the  
6 preceding year, the chief appraiser shall make a reasonable  
7 estimate of the taxable value that would be assigned to the property  
8 if the property owner's claim is upheld. The taxing unit shall use  
9 the lower value for calculations as prescribed in Sections 26.04,  
10 ~~[and] 26.041, and 26.042 [of this code].~~

11 (d) The chief appraiser shall prepare and certify to the  
12 assessor for each taxing unit a list of those properties of which  
13 the chief appraiser has knowledge that are reasonably likely to be  
14 taxable by that taxing unit but that are not included on the  
15 appraisal roll certified to the assessor under Subsection (a) or  
16 included on the listing certified to the assessor under Subsection  
17 (c). The chief appraiser shall include on the list for each  
18 property the market value, appraised value, and kind and amount of  
19 any partial exemptions as determined by the appraisal district for  
20 the preceding year and a reasonable estimate of the market value,  
21 appraised value, and kind and amount of any partial exemptions for  
22 the current year. Until the property is added to the appraisal  
23 roll, the assessor for the taxing unit shall include each property  
24 on the list in the calculations prescribed by Sections 26.04, ~~[and]~~  
25 26.041, and 26.042, and for that purpose shall use the lower market  
26 value, appraised value, or taxable value, as appropriate, included  
27 on or computed using the information included on the list for the

1 property.

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

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

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

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

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

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

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

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

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

9 (4-a) the amount of additional vehicle registration  
10 fee revenue anticipated in calculations under Section 26.042;

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

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

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

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

26 (C) the name of the taxing unit that operates a  
27 distinct department, function, or activity in all or a majority of

1 the territory of a taxing unit that has discontinued operating the  
2 distinct department, function, or activity; and

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

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

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

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

15 Sec. 26.042. TAX RATE OF COUNTY IMPOSING ADDITIONAL MOTOR  
16 VEHICLE REGISTRATION FEE. (a) In the first year in which a county  
17 imposes an additional vehicle registration fee under Section  
18 502.401(a-1), Transportation Code, the effective tax rate and  
19 rollback tax rate for the county are calculated according to the  
20 following formulas:

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

24 and

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

1 where "additional vehicle registration fee gain rate" means a  
2 number expressed in dollars per \$100 of taxable value, calculated  
3 by dividing the anticipated revenue generated by the imposition of  
4 the additional vehicle registration fee authorized under Section  
5 502.401(a-1), Transportation Code, in the following year as  
6 calculated under Subsection (d) of this section by the current  
7 total value.

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

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

17 where "last year's maintenance and operations expense" means the  
18 amount spent for maintenance and operations from property tax and  
19 additional vehicle registration fees authorized under Section  
20 502.401(a-1), Transportation Code, in the preceding year, and  
21 "additional vehicle registration fee rate" means a number expressed  
22 in dollars per \$100 of taxable value, calculated by dividing the  
23 revenue that will be generated by the imposition of the additional  
24 vehicle registration fee authorized under Section 502.401(a-1),  
25 Transportation Code, in the current year as calculated under  
26 Subsection (d) of this section by the current total value.

27 (c) In a year in which a county that has been imposing an

1 additional vehicle registration fee under Section 502.401(a-1),  
 2 Transportation Code, ceases to impose the fee, the effective tax  
 3 rate and rollback tax rate for the county are calculated according  
 4 to the following formulas:

$$\begin{aligned} & \text{EFFECTIVE TAX RATE} = [(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY} \\ & \text{LEVY}) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] + \\ & \text{ADDITIONAL VEHICLE REGISTRATION FEE LOSS RATE} \end{aligned}$$

8 and

$$\begin{aligned} & \text{ROLLBACK TAX RATE} = [(\text{LAST YEAR'S MAINTENANCE AND} \\ & \text{OPERATIONS EXPENSE} \times 1.08) / (\text{CURRENT TOTAL VALUE} - \text{NEW} \\ & \text{PROPERTY VALUE})] + \text{CURRENT DEBT RATE} \end{aligned}$$

12 where "additional vehicle registration fee loss rate" means a  
 13 number expressed in dollars per \$100 of taxable value, calculated  
 14 by dividing the amount of revenue generated by the imposition of the  
 15 additional vehicle registration fee authorized under Section  
 16 502.401(a-1), Transportation Code, in the preceding year by the  
 17 current total value, and "last year's maintenance and operations  
 18 expense" means the amount spent for maintenance and operations from  
 19 property tax and additional vehicle registration fees authorized  
 20 under Section 502.401(a-1), Transportation Code, in the preceding  
 21 year.

22 (d) In order to determine the amount of revenue generated by  
 23 the imposition of the additional vehicle registration fee under  
 24 Section 502.401(a-1), Transportation Code, for purposes of this  
 25 section the designated officer or employee shall use the amount of  
 26 the additional vehicle registration fee imposed under that  
 27 subsection in the current year and the number of vehicles

1 registered in the county for the preceding year to project the  
2 additional vehicle registration fee revenue for the current tax  
3 year. If the amount of the additional vehicle registration fee is  
4 increased or reduced, the projection to be used for the first tax  
5 year after the effective date of the increase or reduction shall be  
6 adjusted to exclude any revenue gained or lost due to the increase  
7 or reduction. The designated officer or employee may request from  
8 the appropriate county assessor-collector the number of vehicle  
9 registrations in the county in the applicable year. The county  
10 assessor-collector shall provide the requested information.

11 (e) If the amount of the additional vehicle registration fee  
12 authorized under Section 502.401(a-1), Transportation Code, is  
13 increased, the designated officer or employee shall make two  
14 projections, in the manner provided by Subsection (d) of this  
15 section, of the revenue generated by the additional vehicle  
16 registration fee in the following year. The first projection must  
17 take into account the increase and the second projection must not  
18 take into account the increase. The officer or employee shall then  
19 subtract the amount of the result of the second projection from the  
20 amount of the result of the first projection to determine the  
21 revenue generated as a result of the increase in the additional  
22 vehicle registration fee. In the first year in which an additional  
23 vehicle registration fee is increased, the effective tax rate for  
24 the county is the effective tax rate before the increase minus a  
25 number the numerator of which is the revenue generated as a result  
26 of the increase in the additional vehicle registration fee, as  
27 determined under this subsection, and the denominator of which is



1 the current total value minus the new property value.

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

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

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

1 components are:

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

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

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

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

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

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

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