

BILL ANALYSIS

C.S.S.B. 1
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The U.S. Congress established the Coronavirus State Fiscal Recovery Fund as part of the American Rescue Plan Act of 2021 with the goal of providing money to the states for certain purposes, including "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households." Property taxes imposed on households in Texas can be especially burdensome for Texas residents, and the negative economic effects of COVID-19 have made it difficult for local governments to reduce this property tax burden. C.S.S.B. 1 seeks to address the property tax burden faced Texas homeowners by providing \$3 billion of property tax relief through one-time payments from the comptroller of public accounts to eligible property owners from these federal COVID-19 relief funds received by the state and establishing a joint interim committee to study the burdens on property owners imposed by the state's current property tax structure and identify potential solutions to reduce those burdens.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 2 of this bill.

ANALYSIS

C.S.S.B. 1 sets out the following legislative findings:

- the widespread effects of COVID-19 in Texas have resulted in a state of disaster being declared by the governor under the Texas Disaster Act of 1975;
- COVID-19 is a public calamity for the purposes of provisions of the Texas Constitution allowing the legislature to provide the grant of aid to individuals, amongst others to whom the direct grant of public money is typically prohibited, in cases of public calamity;
- as part of the American Rescue Plan Act of 2021, the U.S. Congress established the Coronavirus State Fiscal Recovery Fund for the purpose of providing money to the states for certain purposes, including "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households";
- property taxes imposed on households in Texas are especially burdensome for Texas residents and the negative economic effects of COVID-19 have made it difficult for local governments to reduce the property tax burden; and

- previous state COVID-19 relief efforts have not adequately addressed the additional burden property taxes have imposed on households living in residence homesteads during the COVID-19 pandemic.

C.S.S.B. 1 amends the Government Code to set out provisions providing assistance to households in Texas in response to the negative economic effects of the COVID-19 public health emergency by providing direct relief from property taxes to eligible property owners, which the bill defines as persons who, as of May 1, 2022, own property for which they receive a residence homestead property tax exemption. The bill does the following:

- requires the comptroller of public accounts, not later than September 1, 2022, or as soon thereafter as practicable, to issue a warrant to each eligible property owner in the amount of property tax relief due to that property owner that is payable from money appropriated to the comptroller for that purpose;
- provides that, in order to calculate the amount of the warrant to which each eligible property owner is entitled, the comptroller must divide the total amount of money appropriated by the bill to the comptroller for the purposes of property tax relief by the total number of eligible property owners;
- establishes that statutory provisions relating to payments from the comptroller to a person who is in debt to the state or who has a tax delinquency, as well as statutory provisions providing for the delivery of certain tax documents and other communications to a person of the property owner's election rather than the owner, do not apply to a warrant issued by the comptroller under the bill's provisions;
- requires each appraisal district, on request by the comptroller, to submit to the comptroller, not later than July 1, 2022, and in an electronic format specified by the comptroller, any information determined by the comptroller to be necessary to identify eligible property owners;
- makes the information received by the comptroller confidential and exempt from required disclosure under state public information law;
- exempts the state and the comptroller from liability for an error in the information provided to the comptroller; and
- requires a person who is not an eligible property owner, including an eligible property owner's agent or mortgage servicer, who receives a payment that is intended for an eligible property owner, to forward the full amount of the payment, as well as any information that accompanied the payment, to the eligible property owner as soon as practicable.

The bill authorizes the comptroller to adopt rules for the administration of these provisions, including rules prescribing procedures to prevent warrant fraud. These provisions expire January 1, 2023.

C.S.S.B. 1 appropriates \$3 billion to the comptroller from money received by the state from the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act of 2021 and deposited to the credit of the state's coronavirus relief fund for the purpose of making the property tax relief payments during the period beginning on the bill's effective date and ending January 1, 2023.

C.S.S.B. 1 establishes the 10-member joint interim committee on property tax relief. The bill sets out the composition of the committee, provides for its administration and operation, and grants the committee applicable powers and duties provided to a special committee. The bill requires the committee to study matters relating to the burdens on property owners imposed by the state's current property tax structure and identify potential solutions to reduce those burdens. The comptroller and the Legislative Budget Board must provide information to the committee necessary to conduct the study. The bill requires the committee, not later than December 1, 2022, to prepare a written report of the committee's findings, including recommendations for legislation, and submit the report to the legislature. The committee is abolished and these provisions expire January 1, 2023.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, the 91st day after the last day of the legislative session.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

Whereas the engrossed version provided for a temporary reduction in the maximum compressed tax rate of a school district, set out provisions relating to the form of the ballot proposition to be used in an election to approve a tax rate adopted by a school district that exceeds the district's voter-approval tax rate, and required school district tax bills or a separate statement accompanying the tax bill for the 2022 tax year to include information about the temporary reduction in the maximum compressed tax rate of the school district in a form specified by the comptroller, the substitute instead provides for direct relief from property taxes to certain property owners in Texas through the distribution of certain federal economic assistance money received by the state and for a study of the provision of additional property tax relief. The substitute also includes legislative findings absent from the engrossed version.

The substitute also changes the amount appropriated for the purpose of providing property tax relief and to whom that amount is appropriated, in accordance with the other changes made by the substitute. The substitute appropriates a fixed amount of \$3 billion to the comptroller, whereas the engrossed version required an update of the biennial revenue estimate to be provided to the legislature not later than June 1, 2022, and appropriated to the Texas Education Agency an amount between \$2 billion and \$4 billion with a specified manner of calculation for the exact amount to be appropriated.