**BILL ANALYSIS**

|  |  |
| --- | --- |
| Senate Research Center | H.B. 1869 |
|  | By: Burrows et al. (Bettencourt) |
|  | Local Government |
|  | 5/15/2021 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2019, the 86th Texas Legislature enacted legislation overhauling the state's property tax system. One goal of this legislation was to give taxpayers more control over property tax increases by reducing the voter-approval tax rate multiplier from 8 percent to 3.5 percent. However, the voter-approval tax rate only limits the increase of the maintenance and operations portion of the tax rate, not the debt portion of the tax rate. Taxing units are able to issue non-voter-approved debt, such as certificates of obligation, to avoid submitting tax increases to the voters. H.B. 1869 seeks to provide for increased input from taxpayers on the debt issued by a taxing unit by revising the definition of "debt" for purposes of calculating property tax rates.

H.B. 1869 amends current law relating to the definition of debt for the purposes of calculating certain ad valorem tax rates of a taxing unit.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 26.012, Tax Code, by amending Subdivision (7) and adding Subdivisions (9), (18-a), and (18-b) to define "designated infrastructure," "refunding bond," and "self-supporting debt" and to redefine "debt" for Chapter 26 (Assessment).

SECTION 2. Amends Chapter 26, Tax Code, by adding Section 26.014, as follows:

Sec. 26.014. DEBT FOR CERTAIN TAXING UNITS. (a) Provides that this section applies only to:

(1) a county with a population of at least 1.7 million that contains a municipality in which at least 75 percent of the county's population resides;

(2) a county with a population of more than one million and less than 1.5 million;

(3) a county with a population of more than 800,000 and less than 1 million;

(4) a county with a population of more than 64,750 and less than 65,000;

(5) a county with a population of more than 40,000 and less than 41,000;

(6) a county with a population of more than 30,500 and less than 32,250;

(7) a county with a population of more than 320,000 and less than 400,000 that does not border the United Mexican States and that in which a port authority is authorized to issue permits for oversize or overweight vehicles under Chapter 623 (Permits for Oversize or Overweight Vehicles), Transportation Code;

(8) a municipality with a population of more than 150,000 and less than 200,000 that is partially located in a county with a population of 1.8 million or more; and

(9) a taxing unit any part of which is located in a county to which this section applies.

(b) Defines "debt" for Chapter 26.

SECTION 3. Defines "binding agreement." Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2021.