

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 10, 2021

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1428 by Bettencourt (Relating to the applicability of the exemptions in the event of a disaster from certain limitations on the ad valorem tax rate of a taxing unit.), **As Introduced**

Passage of the bill would exclude epidemics as disasters that give taxing units the ability to raise tax rates above certain limits without having to hold an election, which may result in reduced tax revenues for school districts and impact costs to the state through the operation of the school funding formulas.

The bill would amend Chapter 26 of the Tax Code, regarding property tax assessment, to exclude epidemics from qualifying disaster that give taxing units the authority to adopt a tax rate exceeding the voter-approval tax rate or de minimis tax rate, as applicable, without holding an election when an increased expenditure of money is necessary to respond to the disaster.

Excluding epidemics as disasters that give taxing units the ability to raise tax rates above certain limits without having to hold an election could make it more difficult to increase revenue in response to increased expenditures from future epidemics. The frequency, timing, and severity of future epidemics and corresponding proposed tax rates along with the outcome of any elections cannot be predicted. Consequently, the fiscal implications of the bill cannot be estimated.

Local Government Impact

Passage of the bill would exclude epidemics as disasters that give taxing units the ability to raise tax rates above certain limits without having to hold an election, which may result in reduced tax revenues for local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

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